

Public Document Pack



Helen Barrington
Director of Legal Services
County Hall
Matlock
Derbyshire
DE4 3AG

Ask for Democratic Services

Email:
democratic.services@derbyshire.gov.uk
Direct Dial 01629 539035

PUBLIC

To: Members of Cabinet

Wednesday, 24 January 2024

Dear Councillor

Please attend a meeting of the **Cabinet** to be held at **2.00 pm** on **Thursday, 1 February 2024**; at **Committee Room 1, County Hall, Matlock** 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 Services

A G E N D A

1. To receive apologies for absence
2. To receive declarations of interest (if any)
3. To consider Minority Group Leader questions (if any)

Minority Group Leaders in attendance at the meeting are able to ask a question on a report on the agenda. Any questions should be provided in writing by 12 noon at least 2 working days before the meeting.

4. To approve, as a correct record, the non-exempt minutes of the meeting held on 11 January 2024 (Pages 1 - 8)
5. Reserves Position and Reserves Policy (Pages 9 - 30)
6. Budget Consultation Results (Pages 31 - 72)
7. Revenue Budget Report 2024-25 (Pages 73 - 224)
8. Capital Programme Approvals, Treasury Management and Capital Strategy for 2024-25 (Pages 225 - 298)
9. Council Plan 2024-25 (Pages 299 - 394)
10. Public consultation - Early Help and Children's Centres (Pages 395 - 404)

PUBLIC

MINUTES of a meeting of **CABINET** held on Thursday, 11 January 2024 at Committee Room 1, County Hall, Matlock.

PRESENT

Councillor B Lewis (in the Chair)

Councillors S Spencer, C Cupit, A Dale, C Hart, T King, J Patten and C Renwick.

Apologies for absence were submitted for Councillor N Hoy.

Officers present: Emma Alexander (Managing Director), Helen Barrington (Director of Legal and Democratic Services), Carol Cammiss (Executive Director - Children's Services), Alec Dubberley (Head of Democratic and Registration Services), Ellie Houlston (Director Of Public Health), Mark Kenyon (Director of Finance and ICT), Joe O'Sullivan (Executive Director - Corporate Services and Transformation), Simon Stevens (Executive Director - Adult Social Care and Health) and Joe Battye (Director - Economy & Regeneration).

1/24 TO RECEIVE DECLARATIONS OF INTEREST (IF ANY)

Councillor C Hart declared an interest in item 5 on the agenda, Development of a Physical Activity Partnership update and approval of approach, (minute number 04/24 refers) as a Board Member of the Active Partners Trust. She advised that she would leave the room during the item's consideration.

Councillor B Lewis declared an interest in item 14 on the agenda, Derbyshire Makes, the Derbyshire Festival of Making: Approval of Delivery Plan, including a range of Procurement and Funding Methods (minute number 13/24 refers).

2/24 TO CONSIDER MINORITY GROUP LEADER QUESTIONS (IF ANY)

Question from Councillor E Fordham to Councillor S Spencer

"One of the core elements of tackling our unsustainable budget deficit is to limit recruitment to non-essential posts. Within the budget there is the vacancy saving rate. Derbyshire County Council has been setting this at just 3%. Given our deficit and dilemma can a more appropriate estimation of 4% or even up to 6% be built into the budget plans for 2023-2024?"

Councillor Fordham did not attend the meeting therefore it was agreed

that a written response would be provided after the meeting.

The response was:

The County Council currently does not have a vacancy factor across its employee budgets. The introduction of a vacancy factor across the organisation in 2024/25 is a way of reflecting in employee budgets the reduced costs that arise on the day-to-day basis through there being a level of staffing vacancies across the organisation.

Given the financial position of the Council and the requirement to achieve significant savings, the vacancy factor of 3% is considered to be fair. A vacancy factor of above 3% would mean departments would need to manage with less budget to manage their staffing costs.

3/24 TO APPROVE, AS A CORRECT RECORD, THE NON-EXEMPT MINUTES OF THE MEETING HELD ON 7 DECEMBER 2023

RESOLVED:

To approve, as a correct record, the minutes of the meeting held on 7 December 2023.

4/24 DEVELOPMENT OF A PHYSICAL ACTIVITY PARTNERSHIP UPDATE AND APPROVAL OF APPROACH

(Councillor C Hart left the room during consideration of this item having declared an interest as a member of the Active Partners Trust Board.)

Councillor B Lewis introduced a report, which had been circulated in advance of the meeting, that gave an update in relation to work undertaken on the development of a partnership agreement and collaborative approach to physical activity provision in Derbyshire.

RESOLVED to:

- 1) Note the progress made to develop the Physical Activity Partnership Agreement for physical activity services which include exercise by referral, led walks programme, looked after children and Jog Derbyshire, as per the delegated decision to the Director of Public Health on 8 September 2021;
- 2) Approve the transfer of £3.201m to Active Partners Trust from 1 April 2024, for five years until 31 March 2029, to manage and implement the approach outlined in the partnership agreement to ensure improvement in physical activity outcomes for people living

with long term conditions and those with the greatest inequalities;
and

- 3) Note that the funding for the partnership agreement will come from the ringfenced Public Health Grant and supports Public Health's responsibilities to improve the health of the population.

5/24

**LOCALITIES AND PLACE COMMUNITY HEALTH AND WELLBEING
PROGRAMME 2024-2029**

Councillor C Hart introduced a report, which had been circulated in advance of the meeting, that sought approval for the actions outlined in the report in relation to the Public health Localities Approach for 2024 – 2029.

RESOLVED to approve:

- 1) The continuation of the Public Health Localities Approach across the County for five years from 01 April 2024 to 31 March 2029;
- 2) The allocation of £0.659m from the Public Health ring-fenced grant to the Health and Wellbeing Partnerships for the period 1 April 2024 to 31 March 2025 in the proportions set out in Table 2 in the financial considerations section of Appendix 1 of this report;
- 3) That authority is delegated to the Cabinet Member for Health and Communities to approve annual funding amounts from the Public Health Grant for the period April 2025 – March 2029 to the Health and Wellbeing Partnerships as required up to a maximum of £0.115m; and
- 4) The grant funding of the countywide Raising Aspirations Programme, coordinated through the Public Health localities team, for one further academic year 2024-25, investing £0.115m funded through the Public Health Grant and commissioned on Derbyshire County Council's (DCC) behalf by the Bolsover Partnership.

6/24

**REVIEWING THE SCOPE OF THE DERBYSHIRE DISCRETIONARY
FUND**

Councillor C Hart introduced a report, which had been circulated in advance of the meeting, that informed Cabinet in relation to the review of the scope of the Derbyshire Discretionary Fund.

RESOLVED to:

- 1) Note the current demand on the Derbyshire Discretionary Fund (DDF) and the need to re-shape DDF policy to ensure that the fund can operate within agreed budget parameters;
- 2) Approve consultation with residents and wider stakeholders to explore the four proposals outlined in section 4.19 of the report that will inform future policy changes; and
- 3) Note that a further report, including an Equality Impact Analysis, will be submitted to Cabinet following the conclusion of the consultation process.

7/24

PROCUREMENT OF A BLOCK CONTRACT FOR CHILDREN'S RESIDENTIAL HOMES

Councillor J Patten introduced a report, which had been circulated in advance of the meeting, that outlined current needs within the Children's home residential sector and sought approval for the procurement of a block contract for Children's residential placements.

RESOLVED to:

- 1) Approve a procurement solution of a block contract for children's residential placements by (CCS047);
 - Contract term: 10 years plus 5 years;
 - Maximum contract value: £3.579 million per year (for first 5 years of contract);
 - Maximum contract value at end of life of 15-year term is estimated at £4.8 million per year (anticipated increases within costs over 15-year term incorporated within this);
 - An estimated maximum of £58.5 million over a 15-year term with anticipated increases from free uplifts within this.
- 2) Approve a procurement solution of a block contract for children's with disabilities overnight short breaks (CCS048) via the previous agreement of cabinet paper 'Procurement of a block contract for Children's residential placements' on 17 November 2022;
- 3) Delegate authority of the award decision to the Executive Director of Children's Services; and
- 4) Approve the spend for both procurements from the current placement budget.

8/24

PREPARING A LOCAL NATURE RECOVERY STRATEGY FOR DERBYSHIRE

Councillor C Renwick introduced a report, which had been circulated in advance of the meeting, that gave an update in relation to the preparation of a Local Nature Recovery Strategy for Derbyshire.

RESOLVED to:

- 1) Note the statutory duties that the Council must perform in its responsible authority role for the preparation and publication by 31 March 2025 of a Local Nature Recovery Strategy for Derbyshire;
- 2) Approve the proposed governance arrangements for stakeholder engagement designed to support the performance of these duties that are outlined in this report.; and
- 3) Authorise the Executive Director of Place in consultation with the Cabinet Member for the relevant portfolio to make such minor adjustments to these arrangements as he might consider to be appropriate or necessary.

9/24

COUNTY HALL OPTIONS APPRAISAL - OUTLINE BUSINESS CASE FOR THE FUTURE OF CCHQ

Councillor S Spencer introduced a report, which had been circulated in advance of the meeting, that gave an update in relation to the County Hall Options Appraisal and presented an outline Business Case for the Future of The County Council Headquarters.

RESOLVED to:

- 1) Receive and note the findings of the Outline Business Case for the future of County Hall;
- 2) Approve the recommended option, in which the Council moves to a smaller new headquarters on the Matlock Campus site and that the main County Hall campus is redeveloped to deliver a mixed use;
- 3) Approve taking the recommended Option 3 forward to the more detailed business case stage and due diligence;
- 4) Support the inclusion of £0.375m in the Capital Programme for 2024/25 to fund the development of the full detailed business case and request approval for the funding of this next stage of work in

the sum of £0.375m, subject to approval of the 2024/25 Capital Programme by Full Council in February 2024; and

- 5) Approve the delegation to the Director of Property in consultation with the Director of Legal and Democratic Services the power to procure and appoint such consultants as may be required for due diligence and development of the Option 3 detailed business case including where appropriate the extension or variation of existing contracts within the funding envelope of £0.375m (Subject to this amount being approved by Full Council in February 2024 as part of the 2024/25 Capital programme).

10/24 BUDGET SAVINGS PROPOSALS 2024/25 TO 2028/29

Councillor S Spencer introduced a report, which had been circulated in advance of the meeting in relation to Budget Savings Proposals from 2024/25 to 2028/29.

RESOLVED to:

- 1) Note the financial context and approach to budget setting for 2024/25 as set out in the report;
- 2) Note the possible options in respect of budget savings for the 2024/25 Financial Year;
- 3) Refer these proposals to the Improvement and Scrutiny Committee for Resources for consideration at its meeting on the 22 January 2024 and request that the Improvement & Scrutiny Committee provide feedback in order that it can be considered at the Budget Cabinet meeting on the 1 February 2024; and
- 4) Note that, where the proposed savings and efficiencies do not progress, alternative savings will need to be found in order to meet the Council's legal obligations to set a balanced budget.

11/24 DERBYSHIRE COUNTY COUNCIL CLIMATE CHANGE STRATEGY: ANNUAL REVIEW OF PROGRESS (2023)

Councillor B Lewis introduced a report, which had been circulated in advance of the meeting, that provided an annual summary of progress made against the delivery of the Derbyshire County Council Climate Change Strategy.

RESOLVED to note:

- 1) the progress being made against the Council's net zero target of 2032, or sooner, and the County's net zero target of 2050, and the challenges being faced to reduce emissions from Corporate Property, streetlighting, core fleet and grey fleet;
- 2) the progress being made against each target and action within the Derbyshire County Council Climate Change Strategy: Achieving Net Zero (2021-2025); and
- 3) the other key projects, initiatives and schemes that are contributing to the Council's climate change and wider sustainability agenda and objectives.

12/24 ACCEPTANCE OF DEPARTMENT FOR TRANSPORT LOCAL HIGHWAYS MAINTENANCE ADDITIONAL FUNDING 2023-24

Councillor C Cupit introduced a report, which had been circulated in advance of the meeting, that sought approval for the acceptance of Department for Transport Local Highways Maintenance Additional Funding for 2023-24.

RESOLVED to:

- 1) Approve acceptance of the award to the Council by the Department for Transport of the local highways maintenance; additional funding 2023-24 of £3.014m (as set out in Paragraph 4.3 of the report);
- 2) Delegate any decisions in relation to the spending of this funding to the Director for Highways, in consultation with the Cabinet Member for Highways, Assets and Transport; and
- 3) Delegate approval and discharge of the relevant grant conditions to the Authority's Section 151 Office.

13/24 DERBYSHIRE MAKES, THE DERBYSHIRE FESTIVAL OF MAKING: APPROVAL OF DELIVERY PLAN, INCLUDING A RANGE OF PROCUREMENT AND FUNDING METHODS

Councillor B Lewis introduced a report, which had been circulated in advance of the meeting, that informed Cabinet of the expected activities and revised timetable for the delivery of the Derbyshire Makes project.

RESOLVED to:

- 1) Note the activities and revised timetable for delivery of the

Derbyshire Makes project; and

2) Approve:

- a) A procurement of services for the delivery of key aspects of the project up to a total value of £1.53m over three years from 2024 to 2027;
- b) The establishment and implementation of a £0.148m small grants scheme aimed at producing content for the key festival periods of the project, to be administered by the Council's Sustainable Growth Service;
- c) Submission of a grant application for approximately £0.200m to the National Lottery Heritage Fund (NHLF) for producing content and supporting delivery of the project; and
- d) Revision of the total projected 'commercial pipeline' spending amount for the project over three years 2024 to 2027, including grant funded spend from £0.250m (as currently set out in the Service Plan) to £1.530m.

14/24 EXCLUSION OF THE PUBLIC

RESOLVED:

That under Regulation 4(2)(b) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the public are excluded from the meeting for the remaining business on the grounds that in view of the nature of the items of business, that if members of the public were present, exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them.

15/24 TO APPROVE, AS A CORRECT RECORD, THE EXEMPT MINUTES OF THE MEETING HELD ON 7 DECEMBER 2023

RESOLVED:

To approve, as a correct record, the exempt minutes of the meeting held on 7 December 2023.

The meeting finished at 2.54 pm



Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

1 February 2024

Report of the Director of Finance & ICT

Reserves Position and Reserves Policy
(Corporate Services and Budget)

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is not a Key Decision.

3. Purpose of the Report

3.1 To note the current and forecast positions for both General and Earmarked Reserves and to approve the Reserves Policy. This report should be read alongside the following reports to this meeting: the Budget Consultation Results Report for 2024-25, the Revenue Budget Report 2024-25 and the Capital Programme Approvals, Treasury Management and Capital Strategies for 2024-25 Report.

4. Information and Analysis

Reserves Policy

- 4.1 Sections 32 and 43 of the Local Government Finance Act 1992 require precepting authorities in England and Wales to assess the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 4.2 A range of safeguards are in place to prevent local authorities over-committing themselves financially. These include:
- The requirement to set a balanced budget as detailed in Sections 32 and 43 of the Local Government Finance Act 1992.
 - The Chief Finance Officer's (S151 Officer) duty to report on the robustness of estimates and adequacy of reserves when the Council is considering its budget requirement as set out in Section 25 of the Local Government Act 2003.
 - Legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs and that the Chief Finance Officer (S151 Officer) has responsibility for the administration of those affairs as set out in Section 151 of the Local Government Act 1972.
- 4.3 These requirements are reinforced by Section 114 of the Local Government Finance Act 1988, which requires the Chief Finance Officer to report to Council if there is, or is likely to be, unlawful expenditure or an unbalanced budget.
- 4.4 The Council has in place a Reserves Policy which ensures the Council meets its statutory obligations and sets out the framework within which decisions are made regarding the level of reserves.
- 4.5 In line with this framework the balance and level of Earmarked and General Reserves are regularly monitored to ensure they reflect a level adequate to manage the risks of the Council.
- 4.6 It is important to note reserves can only be used once and when the balance of a reserve has been depleted there will be no more funding available in the reserve to support expenditure.
- 4.7 The Reserves Policy was last approved by Cabinet on 2 February 2023. The Policy has been amended to include the following requirement in respect of Earmarked Reserves:

- All transfers between reserves, together with the use or drawdown of reserves is subject to the prior approval of the Chief Finance Officer (S.151) or a person designated for that purpose by the Chief Finance Officer.

4.8 A copy of the Reserves Policy has been included at Appendix Five for approval by Cabinet.

General Reserve

4.9 The Council's General Reserve position was last reported to Cabinet on 23 November 2023, as part of the Performance Monitoring and Budget Monitoring/Forecast Outturn 2023-24 as at Quarter 2 (30 September 2023) Report. As at 31 December 2023, the balance on the General Reserve is £28m. The level of the General Reserve is forecast to be around £25m over the period of the FYFP. In the Audit Commission's 'Striking a Balance' report published in 2012, the majority of Chief Finance Officers at the national level regarded an amount of between three and five per cent of councils' net spending as a prudent level for risk-based reserves. Over the medium term the Council's forecast figure is between 3.2% and 3.5%.

4.10 There is no planned further call on the Council's General Reserve forecast balance of £25m, either to meet 2023-24 revenue budget overspends as currently forecast, or for one-off support for the Revenue Budget in 2024-25. It is anticipated that these will be met using Earmarked Reserves releases (which will initially be released back to the General Reserve) and Earmarked Reserves as set out in paragraphs 4.21, 4.24 and 4.27. However, any overspends in services over and above those currently projected would see the General Reserve balance fall below £25m, once the reserves available for budget management have been depleted.

Earmarked Reserves

4.11 Earmarked Reserves are a means of smoothing expenditure to meet known or predicted liabilities. Funds should be used for the item for which they have been set aside. Any funds no longer required should be transferred to the General Reserve.

4.12 Earmarked Reserves totalling £272.373m were held at 1 April 2023. Of this total, £59.004m (22%) was available to support future spending. Details of the balances, categorised in accordance with the Reserves Policy, are detailed in Appendix Two.

- 4.13 The Council's 2022-23 Revenue Outturn position was an underspend of £4.680m. However, this was after one-off substantial support from the use of £54.789m of Earmarked Reserves, of which £21.003m were for planned service pressures. At Quarter 3, the forecast 2023-24 Outturn position is a £34.071m overspend after one-off support from the use of £37.997m of Earmarked Reserves, of which £23.707m were for planned service pressures. The 2024-25 Revenue Budget plans for one-off support from the use of £21.206m of Earmarked Reserves. The Council has been utilising its reserves to manage its budget to meet inflationary, demand and pay award cost pressures; however, as reserves balances decline this will not be sustainable in the medium term.
- 4.14 Other than Schools Reserves, the following Earmarked Reserves had a balance that was in excess of £5m at 1 April 2023:
- 4.15 **Loan Modification Gains/Losses** (Balance: £23.114m held at 1 April 2023 | Council Portfolio: Corporate Services and Budget | Reserves Category: Contractual Commitments) – to meet the cost of higher interest charges arising on restructured loans which were remeasured when International Financial Reporting Standard 9 was adopted.
- 4.16 **Business Development and Economic Recovery Fund** (Balance: £6.785m held at 1 April 2023; £2.035m held at 14 December 2023 (£3.750m was transferred to the Budget Management Earmarked Reserve and £1.000m drawn for delivery of the Cultural Framework) | Council Portfolio: Corporate Services and Budget | Reserves Category: Planned Revenue Spend) – to support the Council's and wider County recovery from the impacts of the Covid-19 pandemic.
- 4.17 **Covid-19 Local Authority Emergency Grant** (Balance: £6.407m held at 1 April 2023; £0.000m held at 14 December 2023 (balance was transferred to the Budget Management Earmarked Reserve) | Council Portfolio: Corporate Services and Budget | Reserves Category: Grants) – non-ringfenced emergency grant to support local authorities with the cost pressures experienced through the Covid-19 pandemic.
- 4.18 **Business Rates Risks** (Balance: £6.568m held at 1 April 2023 | Council Portfolio: Corporate Services and Budget | Reserves Category: Specific Risks) – to help mitigate future volatility the Council may experience in respect of business rates receipts.

- 4.19 **Homes for Ukraine Grant** (Balance: £10.415m held at 1 April 2023 | Council Portfolio: Health and Communities | Reserves Category: Grants) – the balance carried forward of ‘tariff’ grant, which can only be used to carry out activities set out in the Homes for Ukraine Scheme guidance. The Scheme enables eligible people fleeing from Ukraine to stay with a sponsor household in the United Kingdom.
- 4.20 **Bus Services Improvement Grant** (Balance: £6.357m held at 1 April 2023 | Council Portfolio: Health and Communities | Reserves Category: Grants) – the balance carried forward of Department for Transport grant funding provided for interventions designed to tackle barriers to increasing patronage of buses.
- 4.21 **Revenue Contributions to Capital Expenditure (RCCO)** (Balance: £59.783m held at 1 April 2023 | Council Portfolio: Corporate Services and Budget | Reserves Category: Specific Risks) – £8.351m is held to fund capital expenditure arising in 2023-24. The balance of £51.432m has arisen as a consequence of the Council’s strategic decision to fund its capital expenditure in financial years 2018-19 to 2022-23 from additional borrowing rather than its revenue budget and is held to mitigate risks and support the management of revenue budgets over the medium term. It is anticipated that this RCCO Earmarked Reserve will be used to fund the remainder of the Council’s one-off Revenue Budget pressures following depletion of the Budget Management Earmarked Reserve in 2024-25, referred to in paragraph 4.24), in addition to its anticipated use to meet any unmitigated 2023-24 overspend not covered by the Earmarked Reserve releases referred to in paragraph 4.27. Based on the currently forecast unmitigated overspend for 2023-24 and the level of one-off support required for the revenue budget for 2024-25, there is a sufficient balance on this RCCO Earmarked Reserve to enable this. Further contributions to this Earmarked Reserve, in the region of £6m, should be possible in 2023-24.
- 4.22 **Tackling Troubled Families** (Balance: £5.015m held at 1 April 2023 | Council Portfolio: Childrens Services and Safeguarding and Education | Reserves Category: Grants) – grant to be invested in services that contribute to achieving Supporting Families objectives.
- 4.23 **Public Health** (Balance: £7.751m held at 1 April 2023 | Council Portfolio: Health and Communities | Reserves Category: Public Health Grant) – the balance carried forward of the ring-fenced Public Health Grant.

- 4.24 **Budget Management** (Balance: £12.284m held at 1 April 2023; £4.516m held at 14 December 2023 | Council Portfolio: Corporate Services and Budget | Reserves Category: Budget Stabilisation) - to support the management of revenue budgets over the medium term. In 2023-24, £23.707m has been used for one-off revenue support, as approved in the Revenue Budget Report 2023-24 and £15.924m has been added to the reserve from a combination of underspends and transfers from other earmarked reserves as approved in the Revenue Outturn Report 2022-23. The Council's Budget Management Earmarked Reserve is forecast to be depleted in 2024-25, through partly funding the one-off pressures in the 2024-25 Revenue Budget (with the RCCO Earmarked Reserves funding the balance, as referred to in paragraph 4.21).
- 4.25 **Older People's Housing Strategy Reserve** (Balance: £12.766m held at 1 April 2023 | Council Portfolio: Adult Care | Reserves Category: Planned Capital Spend) – revenue contributions to capital expenditure, held to fund capital investment in Older People's housing. If required, this capital investment could alternatively be funded from additional borrowing and the money utilised instead to ensure that the Council's General Reserve position remains at a reasonable, risk-assessed level. Some of this balance is being used to mitigate the 2023-24 overspend on the Adult Care portfolio.
- 4.26 **Insurance and Risk Management** (Balance: £16.043m held at 1 April 2023 | Council Portfolio: Corporate Services and Budget | Reserves Category: Specific Risks) – the Council keeps its payments to external insurance companies to a minimum by self-insuring much of its insurable risk. To cover self-insured risk, a contribution in lieu of premium is paid into an insurance fund, which comprises this reserve to cover expected liabilities and an insurance provision to cover incurred liabilities. Every five years an actuary performs an independent evaluation of the fund balance and the level of contributions. An interim review is carried out mid-term. The actuarial evaluation completed in October 2020 confirmed that the total of this reserve and the insurance provision was adequate to meet current and anticipated liabilities. The Council is awaiting the outcome of the latest evaluation which was completed in the Autumn of 2023.

- 4.27 The Council's Earmarked Reserve balances were reviewed during Autumn 2023. Departments have agreed to the strategic decision to release £31.803m from balances to the General Reserve. Given the forecast overspend in 2023-24 it is anticipated that this funding will be needed to ensure that the Council's General Reserve position remains at the minimum required level. Details of the balances to be released are shown in Appendix Three.
- 4.28 The table below summarises the forecast movement in Earmarked Reserves for the year ending 31 March 2024.

	Reserves Brought Forward at 01.04.2023	Planned Net Contribution /(Use) 2023-24	Amounts to be Released to General Reserve	Forecast Reserves Carried Forward at 31.03.2024
Portfolio	£m	£m	£m	£m
AC	16.270	(7.176)	(6.000)	3.094
CGR	3.811	(2.456)	(0.723)	0.632
CSB	160.484	(38.112)	(13.934)	108.438
CSSGE	8.041	(2.863)	(4.377)	0.801
HAT	14.637	(3.907)	(0.762)	9.968
HC	22.561	(4.317)	(0.387)	17.857
IE	3.779	(1.711)	(1.375)	0.693
SLCTCC	8.841	(3.153)	(4.245)	1.443
Total	238.424	(63.695)	(31.803)	142.926
Schools	33.949	(0.276)	0.000	33.673
Total	272.373	(63.971)	(31.803)	176.599

Key

AC	Adult Care
CGR	Clean Growth and Regeneration
CSB	Corporate Services and Budget
CSSGE	Childrens Services and Safeguarding and Education
HAT	Highways Assets and Transport
HC	Health and Communities
IE	Infrastructure and Environment
SLCTCC	Strategic Leadership Culture and Tourism and Climate Change

- 4.29 The table at Appendix Four categorises projected Earmarked Reserves balances at 31 March for the next five years, in accordance with the Reserves Policy. Schools balances have been excluded from this analysis.

5. Consultation

- 5.1 No consultation is required.

6. Alternative Options Considered

- 6.1 N/A – the Council is required to monitor and review the level of its reserves to ensure they are adequate to manage the risks of the Council. This is in accordance with the Council's Reserves Policy which ensures that the Council meets its statutory obligations regarding its level of reserves.

7. Implications

- 7.1 Appendix One sets out the relevant implications considered in the preparation of the report.

8. Background Papers

- 8.1 Not applicable.

9. Appendices

- 9.1 Appendix One – Implications.
- 9.2 Appendix Two – Categorisation of Earmarked Reserves as at 1 April 2023 in accordance with the Reserves Policy.
- 9.3 Appendix Three – Amounts to be released from Earmarked Reserves.
- 9.4 Appendix Four – Projected Earmarked Reserves balances as at 31 March for the next five years.
- 9.5 Appendix Five – Reserves Policy.

10. Recommendations

That Cabinet:

- 10.1 Notes the current position on Earmarked Reserves.

- 10.2 Notes the details of the amounts to be released from Earmarked Reserves balances to the General Reserve.
- 10.3 Notes that the £31.803m released from Earmarked Reserves is expected to be fully required to mitigate the forecast 2023-24 overspend, with the balance being funded from the RCCO Earmarked Reserve held to support revenue budget management, and so ensure that the General Reserve balance remains at a minimum level.
- 10.4 Approves the Reserves Policy at Appendix Five to this report.

11. Reasons for Recommendations

- 11.1 The balance of both the General and Earmarked Reserves supports good financial planning.
- 11.2 Any funds in Earmarked Reserves which are no longer required for the item for which they have been set aside should be transferred to the General Reserve to ensure that the balance and level of Earmarked and General Reserves reflect a level adequate to manage the risks of the Council. The RCCO Earmarked Reserve is held to support revenue budget management.
- 11.3 To ensure Members are informed of the impact on the General Reserve position in the context of the significant overspend forecast in 2023-24.
- 11.4 A Reserves Policy ensures that the Council meets its statutory obligations and sets out the framework within which decisions are made regarding the level of reserves.

12. Is it necessary to waive the call in period?

- 12.1 No.

Report Author:

Sam Holmes
Eleanor Scriven

Contact details:

Samuel.Holmes@derbyshire.gov.uk
Eleanor.Scriven@derbyshire.gov.uk

Appendix One

Implications

Financial

- 1.1 As at 31 December 2023, the balance on the General Reserve is £28m. The level of the General Reserve is forecast to be around £25m over the period of the FYFP. Earmarked Reserves totalling £272.373m were held at 1 April 2023. Of this total, £59.004m (22%) is available to support future spending. Departments have agreed to release £31.803m from Earmarked Reserve balances; this is expected to be needed to mitigate the 2023-24 forecast overspend and ensure the Council's General Reserve balance remains at the minimum required level. Excluding schools balances, Earmarked Reserves balances are forecast to reduce from £238m at 31 March 2023 to £85m by 31 March 2027. The Reserves Policy has been amended to require that all use of, and transfers between, Earmarked Reserves will require the prior approval of the Chief Financial Officer or a designated person.

Legal

- 2.1 Section 25 of the Local Government Act 2003 requires precepting authorities in England to assess the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 2.2 A range of safeguards are in place to prevent local authorities over-committing themselves financially. These include:
- The requirement to set a balanced budget as detailed in Sections 32 and 43 of the Local Government Finance Act 1992.
 - The Chief Finance Officer's (S151 Officer) duty to report on the robustness of estimates and adequacy of reserves when the Council is considering its budget requirement as set out in Sections 25 of the Local Government Act 2003.
 - Legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs and that the Chief Finance Officer (S151 Officer) has responsibility for the administration of those affairs as set out in Section 151 of the Local Government Act 1972.

- 2.3 These requirements are reinforced by Section 114 of the Local Government Finance Act 1988, which requires the Chief Finance Officer to report to Council if there is, or is likely to be, unlawful expenditure or an unbalanced budget.
- 2.4 The Financial Regulations included in Appendix 8(a) to the Constitution sets out the key controls in relation to the use of reserves and requires that the Council's Reserves Policy is reviewed on an annual basis.

Human Resources

- 3.1 None.

Information Technology

- 4.1 None.

Equalities Impact

- 5.1 None.

Corporate objectives and priorities for change

- 6.1 The Council is committed to ensuring good financial management and compliance with applicable laws and regulations.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 None.

Appendix Two

Earmarked Reserves Position at 1 April 2023

	Contractual Commitments	Grants	Planned Revenue Spend	Planned Capital Spend	Specific Risks	Budget Stabilisation	Other	Public Health Grant	DSG	Schools Balances	Total
Portfolio	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
AC	0.000	0.028	3.476	12.766	0.000	0.000	0.000	0.000	0.000	0.000	16.270
CGR	0.220	0.087	3.390	0.114	0.000	0.000	0.000	0.000	0.000	0.000	3.811
CSB	28.899	6.407	15.748	3.904	88.894	13.511	3.121	0.000	0.000	0.000	160.484
CSSGE	0.000	5.096	2.759	0.178	0.000	0.000	0.008	0.000	0.000	0.000	8.041
HAT	0.611	6.478	7.005	0.263	0.280	0.000	0.000	0.000	0.000	0.000	14.637
HC	0.171	12.268	1.110	0.000	0.000	0.000	1.261	7.751	0.000	0.000	22.561
IE	2.509	0.148	1.122	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.779
SLCTCC	1.914	0.434	6.162	0.000	0.000	0.000	0.331	0.000	0.000	0.000	8.841
Total	34.324	30.946	40.772	17.225	89.174	13.511	4.721	7.751	0.000	0.000	238.424
Schools	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.275	33.674	33.949
Total	34.324	30.946	40.772	17.225	89.174	13.511	4.721	7.751	0.275	33.674	272.373

AC	Adult Care
CGR	Clean Growth and Regeneration
CSB	Corporate Services and Budget
CSSGE	Children's Services and Safeguarding and Education
HAT	Highways Assets and Transport
HC	Health and Communities
IE	Infrastructure and Environment
SLCTCC	Strategic Leadership Culture and Tourism and Climate Change

Appendix Three

Details of Earmarked Reserves where an amount is to be released:

Portfolio	Reserve	AC £m	CGR £m	CSB £m	CSS GE £m	HAT £m	HC £m	IE £m	SLCT CC £m	Total £m
AC	Older People's Housing Strategy	6.000								6.000
CGR	Skills Training		0.109							0.109
CGR	Markham Environment Centre		0.114							0.114
CGR	Regeneration Kick-Start Feasibility Fund		0.500							0.500
CSB	GDPR			0.039						0.039
CSB	Business Development and Economic Recovery Fund			2.035						2.035
CSB	Business Rates Risks			6.567						6.567
CSB	Computer Purchasing CST Prior Year			1.605						1.605
CSB	Underspends			2.243						2.243
CSB	Derbyshire Challenge Fund			0.020						0.020
CSB	Demolition of Buildings Learning & Development System			0.100						0.100
CSB	Core System			0.499						0.499
CSB	Property Feasibility Studies			0.200						0.200
CSSGE	IT System				0.190					0.190

										Public
Portfolio	Reserve	AC £m	CGR £m	CSB £m	CSS GE £m	HAT £m	HC £m	IE £m	SLCT CC £m	Total £m
CSSGE	Foster Carer Adaptations				0.134					0.134
CSSGE	Support & Aspirations				0.053					0.053
CSSGE	Tackling Troubled Families				4.000					4.000
HAT	IT Reserve					0.252				0.252
	Place Prior Year									
HAT	Underspends					0.510				0.510
HC	Grant Funding Prospectus						0.150			0.150
HC	Community Safety						0.007			0.007
HC	Trusted Trader						0.101			0.101
	Trading Standards COVID									
HC	enforcing						0.050			0.050
HC	Syrian Refugee Project						0.079			0.079
IE	Digital Growth							1.375		1.375
SLCTCC	Thriving Communities								0.004	0.004
SLCTCC	Library Restructure								0.160	0.160
SLCTCC	Policy & Research								0.196	0.196
	Sale Proceeds of Mobile									
SLCTCC	Libraries								0.038	0.038
SLCTCC	Climate Change								2.847	2.847
SLCTCC	Cultural Recovery Fund								0.500	0.500
	Community Managed									
SLCTCC	Libraries								0.500	0.500
Total		6.000	0.723	13.934	4.377	0.762	0.387	1.375	4.245	31.803

Appendix Four

**Projected Earmarked Reserves balances at 31 March for the next five years:
(Schools balances have been excluded from this analysis)**

	Contractual Commitments	Grants	Planned Revenue Spend	Planned Capital Spend	Specific Risks	Budget Stabilisation	Other	Public Health Grant	DSG	Schools Balances	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
31.03.2023	34.324	30.946	40.772	17.225	89.174	13.511	4.721	7.751	0.000	0.000	238.424
31.03.2024	29.303	15.579	5.616	4.299	73.491	4.516	1.209	8.912	0.000	0.000	142.925
31.03.2025	27.765	11.086	2.583	3.193	58.014	0.000	0.603	5.046	0.000	0.000	108.290
31.03.2026	25.397	7.767	1.334	2.966	50.564	0.000	0.543	1.205	0.000	0.000	89.776
31.03.2027	23.614	7.488	0.876	2.966	49.135	0.000	0.483	0.000	0.000	0.000	84.562



Reserves Policy

Mark Kenyon BA(Hons) FCPFA

Director of Finance & ICT

Approval and Authentication

Name	Job Title	Signature	Date
Mark Kenyon	Director of Finance & ICT		January 2024
Cabinet			1 February 2024

RESERVES POLICY

Introduction

This policy establishes a framework within which decisions will be made regarding the level of reserves held by the Council and the purposes for which they will be used and maintained.

Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of resources needed to meet estimated future expenditure when calculating the annual budget requirement.

Definitions

Reserves are sums of money held by the Council to meet future expenditure. There are two principal types of reserves:

- (a) General - non-specific reserves which are kept to meet short term, unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed over the period of the Council's Five Year Financial Plan (FYFP). The Council's general revenue reserves are held in the General Reserve Balance.
- (b) Earmarked Reserves which are held for specific purposes and which are established either by statute or at the discretion of the Council.

A summary of all reserves, including in year movements and year-end balances are contained in the Council's Statement of Accounts.

General Reserve Balance

The Council will maintain an adequate level of General Reserve Balance to:

- Provide a working balance to cushion the impact of uneven cash flows and avoid unnecessary short term borrowing.
- Provide a contingency to cushion the impact of unexpected events or emergencies.
- Plan for potential major items of expenditure.

The appropriate level of reserves for this purpose will be determined by the Council's FYFP, which will be reviewed annually and will be subject to approval by a meeting of the Council's Cabinet. However, the Council will not maintain levels of General Reserve balances that are excessive compared with appropriate minimum levels. In this context, "excessive" will be assessed and reviewed annually in the FYFP with regard to:

- The projected level of General Reserve balance at the end of the FYFP, less the appropriate minimum level.

- The annual planned use of reserves in each year of the FYFP.
- The impact of sudden large changes in annual use of balances on services or Council Tax levels.

The adequacy of the General Reserve Balance will be determined by assessing the financial risks associated with meeting continuing obligations to provide services. The risk assessment will be reviewed annually.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance about the factors which should be taken into account in determining the overall level of reserves and balances. These are:

- Assumptions regarding inflation.
- Estimates of the level and timing of capital receipts.
- Treatment of demand-led pressures.
- Treatment of savings.
- Risks inherent in any new partnerships.
- Financial standing of the Authority (i.e. level of borrowing, debt outstanding, etc.).
- The Authority's track record in budget management.
- The Authority's capacity to manage in year budget pressures.
- The Authority's virements and year-end procedures in relation to under and over-spends.
- The adequacy of insurance arrangements.
- An assessment of external risks.
- Impact of major unforeseen events.
- Likely level of Government support following major unforeseen events.

The General Reserve Balance will be reviewed and projections on future balances will be made at key points during the financial year, namely as part of the budget setting process and update of the FYFP. In exceptional circumstances, the actual level of the Council's balance may fall below the level which is considered appropriate. This is consistent with the need to provide to meet short-term unforeseen expenditure. However, the actual level will be monitored against balances outlined in the FYFP. The plan will set out the level of planned balances, as well as confirming acceptable thresholds above or below the balance. If the balance falls outside of the planned tolerance levels, a plan will be agreed by the Council to restore balances to the appropriate level.

Earmarked Reserves

Departments may establish Earmarked Reserves from within their cash-limited budgets to properly reflect on-going financial commitments, fund future service developments or expenditure of an uneven nature. Earmarked Reserves are not available to the Council for use in setting its ongoing base budget. They are required for specific purposes and are a means of building up funds to meet known or predicted liabilities. These reserves have no upper threshold on them; however, individually their limit and purpose must be approved before they are created using the following approval limits:

- Up to £100,000 – Executive Director in consultation with Director of Finance & ICT.
- Between £100,000 and £500,000 – Cabinet Member.
- Above £500,000 – Cabinet.

Transfers between reserves shall be in accordance with the Scheme of Delegation and Financial Regulations, namely:

- Up to £100,000 – Executive Director
- Between £100,000 and £500,000 – Cabinet Member
- Above £500,000 – Cabinet

Transfers up to £100,000 between departments requires the authorisation of both relevant Executive Directors.

Balances carried forward from previous year's underspend will be allocated to a departmental reserve and proposals for their use will be subject to final approval by the Cabinet Member.

All transfers between reserves, together with the use or drawdown of reserves is subject to the prior approval of the Chief Finance Officer (S.151) or a person designated for that purpose by the Chief Finance Officer.

Balances should be reasonable for the purpose held and must be used for the item for which they have been set aside, if circumstances arise to which the reserve is no longer required for its original purpose, they should be transferred to the General Reserve. In order to establish that they are fit for purpose, there will be a review of balances on an annual basis, the outcome of which will be reported to Cabinet.

Earmarked Reserves will be analysed into the following categories:

- **Contractual Commitments** - Genuine liabilities that are known and current to the Council (this does not include holding a balance to cover possible future liabilities), such as PFI scheme obligations. It will also include money held on behalf of partnerships and other Councils.
- **Grants** – Any reserve that was created through the receipt of a grant (excluding Public Health and Dedicated Schools Grants). This could be due to the timing of the payment of the grant.
- **Planned future Revenue Spend** – Funding intended to meet the cost of Revenue expenditure which has yet to be incurred.
- **Planned future Capital Spend** – Amounts held to meet funding required by the capital programme.
- **Specific Risks** – Any reserve held for specific risks which can be named (this does not include balances held as general contingency or to stabilise the budget against a reduction in funding).
- **Budget Stabilisation** – Balances held to stabilise the budget against a reduction in funding.
- **Schools Reserves** – Balances which a scheme, made under Section 48 of the School Standards and Framework Act 1998, provides must be carried forward to be used for the purpose of schools. These amounts represent the amount of unspent schools' budgets.
- **Dedicated Schools Grant (DSG)** – The aggregate of these reserves should be consistent with the Council's return to the Department for Education (DfE) made under Section 251 of the Apprenticeships, Skills, Children and Learning Act 2009. This is the balance of ring-fenced specific government grant paid in support of the Council's schools' budgets which is as yet unspent.
- **Public Health Grant** – The balance of ring-fenced specific government grant. Any future spend from these reserves have to be used for public health, and in line with the conditions on the grant.
- **Other** – All other earmarked reserve balances.

School Reserves

School balances are held for two main reasons; as a contingency against financial risks and to meet planned commitments in future years.

Schools are encouraged to retain, where possible, a modest balance towards future liabilities and potential need for replacement of equipment. In order to allow the local authority to monitor schools' financial positions, governing bodies will be asked to report to the local authority on the use which the schools intend to make of surplus balances. The local authority will focus particularly on those schools which have built up significant excessive uncommitted balances and/or where some level of redistribution would support improved provision across a local area.

This page is intentionally left blank



Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

1 February 2024

Joint Report of the Managing Director and Director of Finance & ICT

Budget Consultation Results
(Corporate Services and Budget)

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is not a Key Decision.

3 Purpose of the Report

3.1 To enable Cabinet to consider the outcome of the Council's budget consultation exercises in formulating its budgetary proposals to Full Council regarding the Revenue Budget for 2024-25.

3.2 This report should be read alongside the following reports to this meeting: the Reserves Position and Reserves Policy Report, the Revenue Budget Report 2024-25 and the Capital Programme Approvals, Treasury Management and Capital Strategies for 2024-25 Report.

4 Information and Analysis

- 4.1 The Council has, for a number of years, undertaken a variety of consultation exercises, using a range of methods, in the preparation of its annual revenue budget. For 2024-25 the Council devised a 'Your Council, Your Voice 2023' (YCYV) survey. As in previous years, this was an in-depth survey, combining both budget and residents' consultations. The headline findings from the survey are being used to refresh the Council Plan for 2024-25 and the budget consultation elements are reported on here. Plans are being formulated to undertake further analysis to support wider strategy development across the Council and engagement with residents and local communities.

Online Survey

- 4.2 The online survey combined both budget and residents' consultations and ran for six weeks, from 6 November 2023 to 17 December 2023.
- 4.3 Participation in the survey was encouraged using a variety of methods, including 36 social media posts on X (formerly Twitter) and Facebook between 6 November 2023 and 17 December 2023, eighteen on each platform. X posts had an average of 986 impressions (number of times on screen) and Facebook posts had an average reach of 1,843 (number of people who saw the post at least once). The survey was also publicised in the e-version of the Council's residents' magazine Derbyshire Now, with 40,680 subscribers; highlighted before its launch in the main Derbyshire Now magazine published online, featured in the Our Derbyshire employee newsletter each week that the survey was live, with 9,666 subscribers; the Councillors' briefing Members' News, which is e-mailed to all 64 Councillors and a number of Senior Officers; Community eNews with 4,380 subscribers; and via two media releases sent to local media outlets.
- 4.4 A total of 1,911 Derbyshire residents completed the survey online. Last year, the Council attracted 2,431 responses to its survey. Although survey responses have slightly declined, the survey response remains strong.

- 4.5 The average (mean) age of respondents was 61 years. This compares to an average age of 57 for the 2023-24 consultation. The proportion of responses from the over 65 age group has increased compared to the 2023-24 consultation response. The over 45 and over 65 age groups are overrepresented compared to their proportion of the Derbyshire population according to the latest 2022 Mid-Year Population Estimate data from the Office for National Statistics (ONS), with responses in these age groups around nine/nineteen percentage points above their proportion of the Derbyshire population, respectively. Engagement with the under 25 and under 45 age groups has decreased, with responses in each of these age groups around ten/seventeen percentage points below their proportion of the Derbyshire population. The strongest response is again from the 45-64 age group. Of those responding, 50% were male and 50% were female, with the proportion of female respondents decreasing compared to the 2023-24 consultation, where 45% of respondents were male and 54% were female. However, females responding to the 2023-24 consultation are only marginally underrepresented compared to 2022 Mid-Year Population Estimate data from ONS for Derbyshire, which indicated that 51% of the Derbyshire population were female.
- 4.6 A map showing the location of respondents across the county is attached at Appendix Two. If survey response rates were to follow the percentage of population in each district, the Council would expect 9% of respondents to be resident in Derbyshire Dales. The analysis shows that residents from Derbyshire Dales are particularly over-represented in the consultation, with 18% of all respondents living in the district, whilst those in South Derbyshire are particularly under-represented (6% lower). These findings reflect a pattern of response rates which have been seen in all budget consultations since 2020-21.
- 4.7 A total of 20% of respondents identified themselves as having a disability, which is one percentage point higher than the response rate in the 2023-24 budget consultation. This is consistent with the percentage of Derbyshire population who said that their day-to-day activities were limited in the latest ONS Census for which this data is available (2021).
- 4.8 A total of 96% of respondents identified themselves as white, with 4% identifying themselves as BME (Black and Minority Ethnic). BME respondents are marginally underrepresented compared to the percentage of Derbyshire's population who identified themselves as BME in the latest ONS Census (6%) for which this data is available (2021).

- 4.9 Further demographic analysis is attached for consideration at Appendix Three.
- 4.10 Local people were asked six budget consultation questions as part of the budget consultation survey, to establish their views on which services should be prioritised when it comes to spending the budget and which are less of a priority. Respondents were also asked for their reasons in choosing priority services and to rank in order of importance nine options the Council could use to save money or raise additional revenue. In addition, respondents were asked whether they had any other suggestions for making savings or raising additional income that the Council should explore.
- 4.11 Of the six budget consultation questions, five required respondents to select their answers from a selection of options provided in the consultation. Respondents were given the option to make further comments on two of the six questions if they had selected 'other' as a reason as to why they had selected their top or bottom three priorities. The option to make further comments in respect of the question on 'how the Council could save money or raise additional revenue' was also provided, allowing respondents to comment freely. Fewer responses were received where respondents were asked to comment freely.
- 4.12 The following views were expressed:

Top three priorities

- From a choice of 22 Council services, respondents thought that the top three priorities, with the most popular listed first, should be:
 - 'Highways services including planning and maintenance' (selected by 48% of respondents as being in their top three priority services);
 - 'Environmental policy including flooding and climate change' (32%); and
 - 'Waste and recycling centres' (29%).
- This is the same first-placed priority as in the 2023-24 budget consultation, with the second-placed priority in 2023-24 being 'supporting public and community transport', which ranked fourth during this year's consultation and the third-placed priority in 2023-24 being 'environmental policy including flooding and climate change', which ranked in second place in this year's consultation. The third-placed priority in 2024-25, 'waste and recycling centres', ranked fourth in 2023-24.
- The top Council service priority selected by both males and females was 'highways services including planning and maintenance', although 59% of males, compared to 37% of females, chose this service priority.

- The second most popular service priority for males was 'waste and recycling centres' (33%) however for females the second most popular service priority was 'environmental policy including flooding and climate change' (32%).
- The third most popular service priority for males was 'environmental policy including flooding and climate change' (32%), and for females it was 'supporting public and community transport' (28%).
- The most important reason for choosing the top Council service priorities in the survey was 'important to you or your family' (45%), followed by 'importance of road and public transport issues' (35%) and then 'service used by a large number of people' (31%). This is the same most important reason as in the 2023-24 budget consultation, with the second in 2023-24 being 'need to protect and support vulnerable people', which was fourth in this year's consultation and the third in 2023-24 being 'importance of road and public transport issues', which was second in this year's consultation. The third most important reason in 2024-25, 'service used by a large number of people', was fourth in 2023-24.
- Fewer than 1% of respondents chose to comment further on why they had selected 'other' as a reason for selecting their top three priorities. Most repeated themes from the available choices. However, 'delivering statutory duties' was a common theme referred to as a further reason.
- The least selected service as a top priority was 'fostering and adoption services' (2%), followed by 'adult community education' (2%) and 'trading standards' (3%). These are the same three least-selected services as in all budget consultations from 2021-22, although the order of the second and third least-selected are reversed from last year.

Bottom three priorities

- From the same choice of 22 Council services, the priorities which respondents thought were least important (with the ones most frequently selected listed first), are as follows:
 - 'Museums, heritage and arts services' (selected by 39% of respondents as being in their bottom three priority services);
 - 'Grants and aid to voluntary groups' (35%); and
 - 'Welfare Rights advice' (27%)
 These are the same top two, in the same ranked order, as in the 2023-24 budget consultation. In 2023-24 the third-ranked was Adult Community Education. Third-placed Welfare Rights advice this year placed fourth in 2023-24.
- The least selected services and by implication the most supported in this question, were 'safeguarding and child protection' (3%), followed by 'day care/residential care for older adults' (3%) and 'support for vulnerable children and families' (3%).

- The bottom Council service priority selected by males was 'grant and aid to voluntary groups' (37%), which was placed second by females (32%). The bottom Council service priority selected by females was 'museums, heritage and arts services' (41%), which was placed second by males (36%). The third-placed bottom priority was 'welfare rights advice' (30%) for males and 'adult community education' (27%) for females.
- The most important reason for choosing the bottom Council service priorities in the survey was 'other services are more important' (68%), followed by 'difficult to choose' (48%) and then 'not relevant or important to you or your family' (41%). These are the same top three reasons, in the same ranked priority order, as in the budget consultation 2022-23.
- Only 1% of respondents chose to comment further on why they had selected 'other' as a reason for selecting their bottom three priorities. Most repeated themes from the available choices. However, 'Public Health should be the responsibility of Health' and 'some services should be pushed to be self-funded, such as charging for use rather than relying on grants', were common themes referred to as further reasons.

Views on saving money and raising revenue

- Respondents identified the most important of nine options the Council could use to save money or raise additional revenue as follows:
 - 'Work with other councils to deliver shared services'.
 - 'Use other ways of delivering services such as local trusts or other 'not for profit' partnerships'.
 - 'Reduce the number of properties the Council owns'.
- Males and females agreed on the top three choices and their ranking. This year's top two responses are identical to responses to this question in all of the budget consultations that have taken place since 2020-21. The third most selected response in 2023-24 was 'put more services on-line', which was the fifth most selected overall in this year's consultation. The third most selected overall response this year, 'reduce the number of properties the Council owns', was fourth in 2023-24.
- The least important of the nine options to save money or raise additional revenue, as ranked by both male and female respondents, was 'increase Council Tax'. This was followed by 'increase charges for services supplied to the public', again selected by both male and female respondents. The overall third least important selection was 'maintain services but do less frequently or reduce level of service', although females selected 'put more services on-line'. This overall order is identical to the order in each of the budget consultations since 2020-21.

- Most people (1,251 respondents) did not make any suggestions on alternative ways for saving money or raising additional revenue. An additional 27 people referred to services that were provided by district/borough councils, or other organisations such as Government or Health. The remaining comments were grouped into a range of topics including:
 - Staffing issues including reducing the number of staff, pay, sick leave and pensions of managers and staff (150 respondents).
 - Continually reviewing services to improve efficiency, providing value for money whilst maintaining quality of services, and embracing modern ways of working and best practice, such as working from home and holding online meetings and running the Council as a business (107 respondents).
 - Highways issues such as the quality of work on potholes leading to additional spending (69 respondents).
 - Developing Council sites including selling or leasing buildings and property or renting out unused rooms. Combining buildings. Reviewing the cost of running Council buildings, such as heating costs, stationery and the impact of opening hours (69 respondents).
 - Increasing funding, with a variety of suggestions outlined, including lobbying Government, instigating a local lottery and partnering with private companies (45 respondents).
 - Combining local authorities (27 respondents).
 - Stop outsourcing and using consultants, contractors and agencies (26 respondents).
 - Reviewing Council Tax system (20 respondents).

Focus Groups

- 4.13 It was agreed as part of the “Your Council, Your Voice 2023” consultation approach that two focus groups would be held this year. These were a focus group event to begin ongoing dialogue with the BME Forum and a youth event with secondary school pupils. A total of 59 residents and pupils took part in the focus groups.
- 4.14 The key issues and findings from the groups are as follows:

BME Forum

- The engagement event was the start of an ongoing dialogue on Council priorities as opposed to the existing annual approach and was a direct response to feedback gathered in the YCYV consultation last year.

- One of the key issues emerging from the session was that community members found it hard to navigate the system when accessing services, particularly understanding the difference between Derbyshire County Council and district council areas.
- Frustration over long waiting times when accessing 'Call Derbyshire'.
- The need for BME residents who don't have English as their first language to be able to understand information and receive culturally appropriate information and communication.
- Hate crime and discrimination is an increasing concern for BME communities.
- The Council's employment profile is not representative of Derbyshire's BME population.
- Access to affordable housing is a big issue for some sections of the BME community.
- Difficulties for refugees. Including the need to be clearer who is responsible for providing asylum seekers with information.

Young People's event

- Too many things are run by older people without a focus on young people. Young people are not listened to.
- Need more activities and groups for young people.
- Need better public transport links and public transport throughout the county. Including more bike routes.
- For the first time young people also identified road infrastructure and potholes as a concern.
- Mental health support was highlighted as a significant issue with the need for more support for young people.
- Bullying, sexual harassment and age prejudice were also highlighted as concerns for young people.
- Young people are very keen to be more involved and regularly consulted about services and developments.

- 4.15 A detailed analysis of the consultation results and themes arising from the comments that participants contributed are included at Appendix Four.

Other Consultation

- 4.16 The Council's Constitution provides that the Improvement and Scrutiny Committee should also be notified of the budget proposals. There has been regular engagement with the Committee throughout the year. At the 14 December 2023 Committee meeting there was particular emphasis on the production of the forthcoming 2024-25 budget, when a report was presented and a discussion was held. There was agreement of the report recommendations, with the Committee noting:

- The Revenue Budget Forecast Outturn for 2023-24, as at Quarter 2 (30 September 2023).
- That there was likely to be a significant shortfall in the Revenue Budget 2024-25 based on currently known information.
- The ongoing work to identify further savings options across the organisation to reduce expenditure..
- The key announcements in the Autumn Statement 2023 relevant to Local Government.

4.17 The Committee expressed an understanding at this meeting of the Council's financial position but noted that the Provisional Local Government Finance Settlement would provide more detail in respect of 2024-25 funding, when the final extent of any 2024-25 Revenue Budget shortfall, requiring additional savings or the use of one-off reserves to deliver a balanced budget, would be known.

4.18 At this meeting there were also several comments, questions and views expressed by members of the Committee in respect of developing the 2024-25 budget. These were around the following broad issues:

- High interest rates and high inflation were playing a significant role in increasing financial pressures on the Council. These are also inherently difficult to predict to understand the long term impact on the Council's finances.
- Increased demand for services, particular in Children's Services and Adult Social Care are also placing significant financial pressure on the Council.
- Organisations were having to make an assessment of the likely pay award in 2024-25 in their budget assumptions. Also increases in the National Minimum Wage continue to have a significant financial impact on the Council's budget.
- The Council is incurring increased borrowing costs due to higher interest rates. This is off-set by increased investment income from higher interest rates but this needs to be seen in the context of reduced cash balances.

- 4.19 On 22 January 2024 the Improvement and Scrutiny – Resources Committee considered the savings proposals agreed at Cabinet at its meeting on 11 January 2024. The Committee was asked to provide feedback to Cabinet on the budget savings options detailed in the report and that where the Committee did not agree with any of the proposals, then Members needed to suggest alternative proposals. Members did raise a number of specific areas of concern, which are included in the Revenue Budget Report 2024-25, for consideration at this meeting.
- 4.20 The Committee noted the financial context and approach to budget setting for 2024-25. The Committee also noted the possible options in respect of budget savings for the 2024-25 Financial Year.
- 4.21 The Committee resolved to provide the feedback detailed above to Cabinet on the budget savings options detailed in the report. This will enable the feedback to be considered at the Budget Cabinet meeting on 1 February 2024.
- 4.22 The Committee noted, where the proposed savings and efficiencies do not progress, alternative savings will need to be found in order to meet the Council's legal obligations to set a balanced budget. Individual savings proposals will be subject to separate full consultation where required.
- 4.23 The Council sought the views of the trade unions by consulting with them on the Council's budget proposals at the Corporate Joint Consultative Committee meeting held on 25 January 2023. An update will be provided at this meeting.
- 4.24 In addition, the Local Government Finance Act 1992 requires local authorities to consult representatives of business ratepayers in their area about the budget proposals for each financial year. The Council is seeking the views of business ratepayers by corresponding with representatives of the East Midlands Chamber of Commerce (Derbyshire, Nottinghamshire and Leicestershire), the CBI East Midlands and the Nottinghamshire and Derbyshire Federation of Small Businesses on the Council's budget proposals. An update will be provided at this meeting.

5 Consultation

- 5.1 The purpose of this report is to consider the outcome of the consultation undertaken to support the formulation of the Revenue Budget for 2024-25.

6 Alternative Options Considered

- 6.1 Do Nothing – this is not an option, as it is a legal requirement for the Council to consult on its Revenue Budget proposals. These requirements are set out in the legal implications section in Appendix One.

7 Implications

- 7.1 Appendix One sets out the relevant implications considered in the preparation of the report.

8 Background Papers

- 8.1 Not applicable.

9 Appendices

- 9.1 Appendix One – Implications.
- 9.2 Appendix Two – Map - Location of Your Council Your Voice 2023 Survey Respondents.
- 9.3 Appendix Three – Demographic Profile of Budget Consultation Respondents.
- 9.4 Appendix Four – Budget Consultation - Analysis of Consultation Responses.

10 Recommendations

That Cabinet:

- 10.1 Takes into account the views of consultation respondents in formulating its proposals to Full Council regarding the Revenue Budget for 2024-25.

11 Reasons for Recommendation

- 11.1 When setting the Revenue Budget, the Council must be mindful of the potential impact on service users. The consultation exercises which have been undertaken in the preparation of the Revenue Budget for 2024-25 are relevant in this respect. The responses to these consultation exercises must be conscientiously taken into account when setting the Revenue Budget.

12. Is it necessary to waive the call in period?

12.1 No

Report Author:
Eleanor Scriven

Contact details:
eleanor.scriven@derbyshire.gov.uk

Implications

Financial

- 1.1 The outcomes of these consultations should be used to inform service planning and help determine budget priorities.

Legal

- 2.1 Members are invited to have regard to the advice contained in the Revenue Budget Report 2024-25. In addition:
- 2.2 Under section 65 of the Local Government Finance Act 1992, as a major precepting authority, the Council has a statutory duty to consult ratepayer representatives on its annual expenditure proposals, ahead of setting its budget. Certain prescribed information must be sent to the persons the Council proposes to consult as soon as practicable and, in any event, not later than 15 February by virtue of the Non-Domestic Ratepayer (Consultation) Regulations 1992.
- 2.3 The Council also has a statutory duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness and when determining how to discharge this duty has to consult representatives of a wide range of local persons.
- 2.4 In performing these statutory duties the Council must have regard to statutory guidance issued by the Secretary of State.
- 2.5 The obligations set out in the Budget and Policy Framework included in the Constitution are as outlined in the body of the report.
- 2.6 Case law has established minimum requirements of consultation, which are:
 - Consultation must be at a time when proposals are at a formative stage.
 - Sufficient information must be given to permit a person to “give an intelligent consideration and response”.
 - Adequate time must be given for consideration and response.
 - The results of the consultation must be conscientiously taken into account in finalising any proposal and provided to the decision maker to inform their decision.

- 2.7 The type and extent of consultation must be proportionate to the potential impact of the proposals. The consultation exercise will be conducted in a timely fashion to enable sufficient time for the budget to be approved by Cabinet and Council in accordance with the timescales set out in the report.
- 2.8 The consultation activities set out in the report meet the necessary legislative and Constitutional requirements.

Human Resources

- 3.1 Whilst there are no specific workforce implications arising from the public consultation undertaken, colleagues within the organisation may also be residents of Derbyshire and as such may have taken part in the consultation.

Information Technology

- 4.1 None

Equalities Impact

- 5.1 To promote participation amongst residents who are less familiar with, or have no internet access, copies of a paper consultation questionnaire, containing the same questions, were made available on request. A freepost address was used to encourage participation. To extend participation in the consultation, a number of online and face to face focus groups were held.
- 5.2 This report includes details on the proportion of budget consultation respondents with different protected characteristics. These characteristics include age, gender, disability and ethnicity. Responses from respondents with these characteristics are broadly in line with population data.
- 5.3 A detailed Equalities Impact Assessment (EIA) has been carried out which ensures that the Council's annual Revenue Budget proposals are formulated taking into account the impact that these proposals may have on local people, including those with protected characteristics under the Equality Act 2010. The EIA also takes into account views received from people with protected characteristics which have been received as part of the 2024-25 budget consultation exercise. The Equalities Impact Assessment is attached at Appendix Eight of the Revenue Budget Report 2024-25.

Corporate objectives and priorities for change

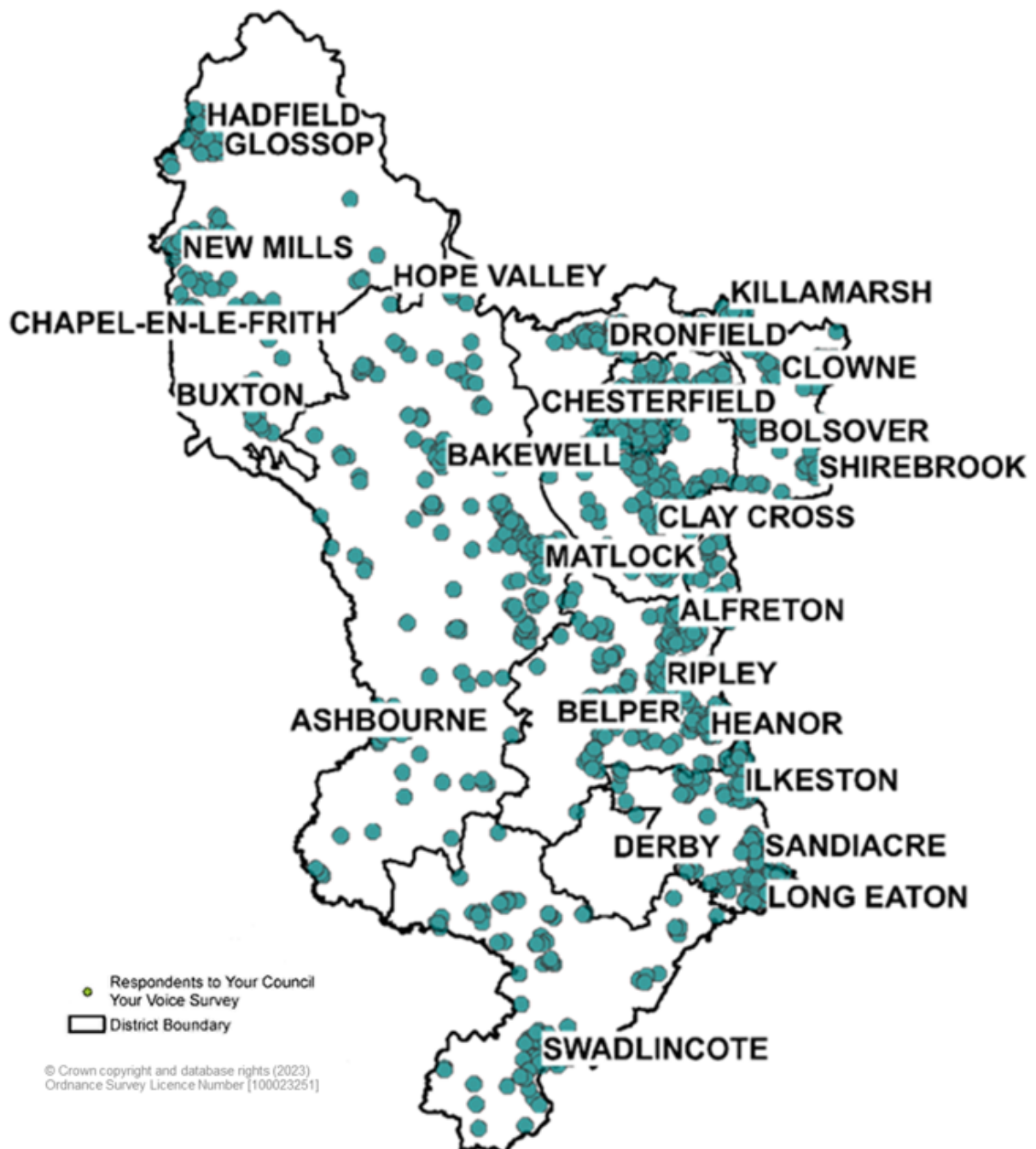
- 6.1 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.
- 6.2 The Council is committed to ensuring good financial management and compliance with applicable laws and regulations. The Council is committed to ensuring that it sets a balanced budget over the medium-term, therefore ensuring good financial management and use of reserve balances to meet the costs of any unforeseeable events.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 None

Map - Location of Your Council Your Voice 2023 Survey Respondents

Respondents to Your Council Your Voice 2023



Demographic Profile of Budget Consultation Respondents

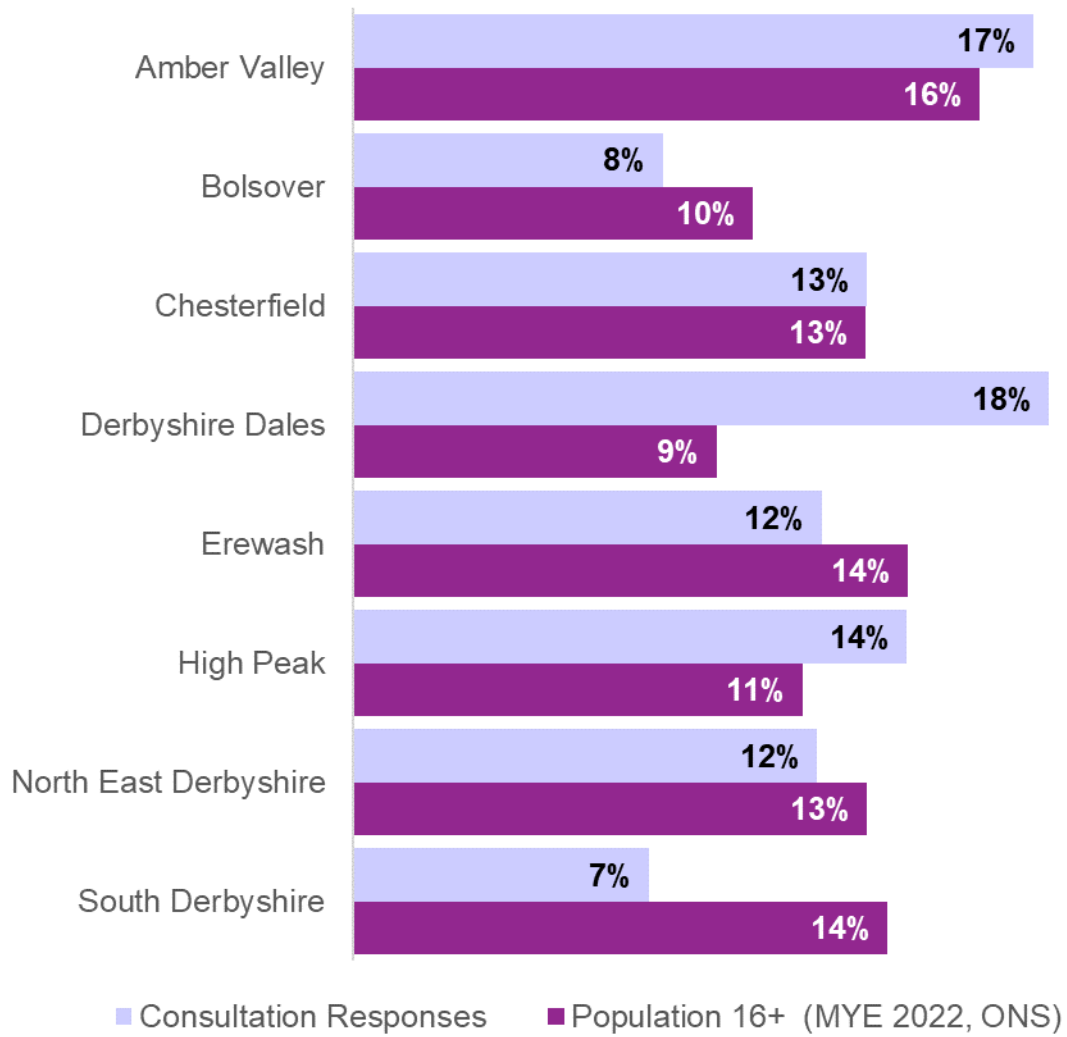
A total of 1,950 people responded to the consultation, but the analysis included in this report looks at the answers of 1,911 respondents. The survey stated that it was only open to residents who live within the administrative county of Derbyshire, so the analysis excludes the responses of 25 people who live outside Derbyshire, and 14 people who submitted multiple entries. The total number of respondents will vary for individual questions as not all respondents answered all of the questions. All responses were completed online.

Location

The Derbyshire District of consultation respondents supplying a Derbyshire postcode has been compared to the distribution of the Derbyshire population aged 16+ according to the latest Office for National Statistics (ONS) 2022 Mid-Year Population Estimates (MYE).

District	Consultation Responses		Population 16+ (MYE 2022, ONS)		% point difference (Respondents - Population)	
	Number	%	Number	%		
Amber Valley	299	17%	105,769	16%	1.4%	↑
Bolsover	136	8%	67,487	10%	-2.3%	↓
Chesterfield	218	13%	86,577	13%	-0.4%	↓
Derbyshire Dales	306	18%	61,350	9%	8.4%	↑
Erewash	206	12%	93,740	14%	-2.2%	↓
High Peak	239	14%	75,884	11%	2.4%	↑
North East Derbyshire	204	12%	86,601	13%	-1.2%	↓
South Derbyshire	130	7%	90,173	14%	-6.0%	↓
Total	1,738	100%	667,581	100%		

**Comparison of consultation respondents and population
aged 16+ by district**

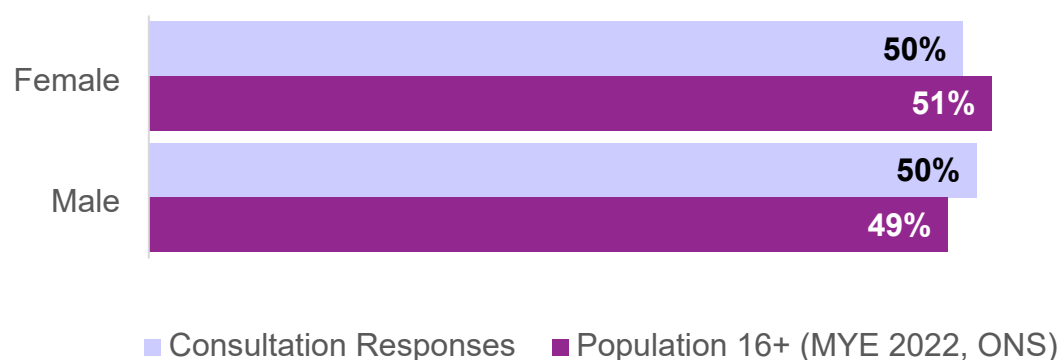


Sex

The sex and age profile of respondents have also been compared to the profile of all residents in the latest Office for National Statistics (ONS) 2022 Mid-Year Population Estimates (MYE).

Sex	Consultation Responses		Population 16+ (MYE 2022, ONS)		% point difference (Respondents - Population)	
	Number	%	Number	%		
Female	922	50%	342,715	51%	-1.7%	↓
Male	937	50%	324,866	49%	1.7%	↑
Total	1,859	100%	667,581	100%		

Comparison of consultation respondents and population aged 16+ by sex

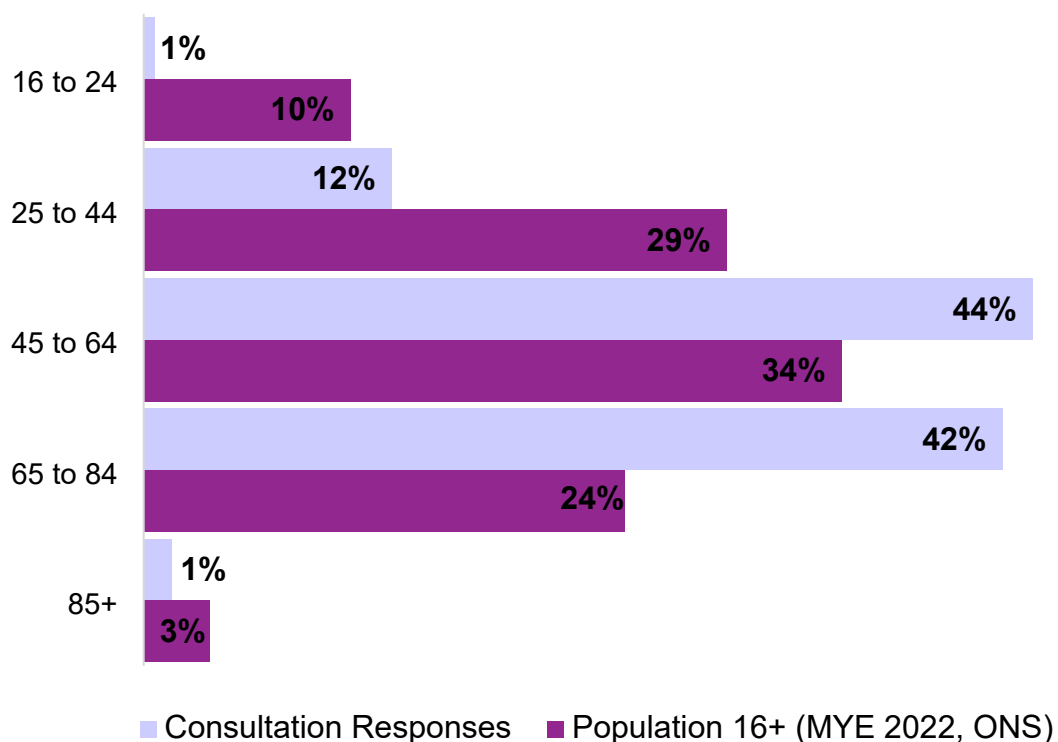


Age

Age Band	Consultation Responses		Population 16+ (MYE 2022, ONS)		% point difference (Respondents - Population)	
	Number	%	Number	%		
16 to 24	10	1%	67,894	10%	-9.6%	↓
25 to 44	221	12%	191,293	29%	-16.5%	↓
45 to 64	791	44%	228,956	34%	9.4%	↑
65 to 84	764	42%	157,877	24%	18.5%	↑
85+	25	1%	21,561	3%	-1.8%	↓
Total	1,811	100%	667,581	100%		

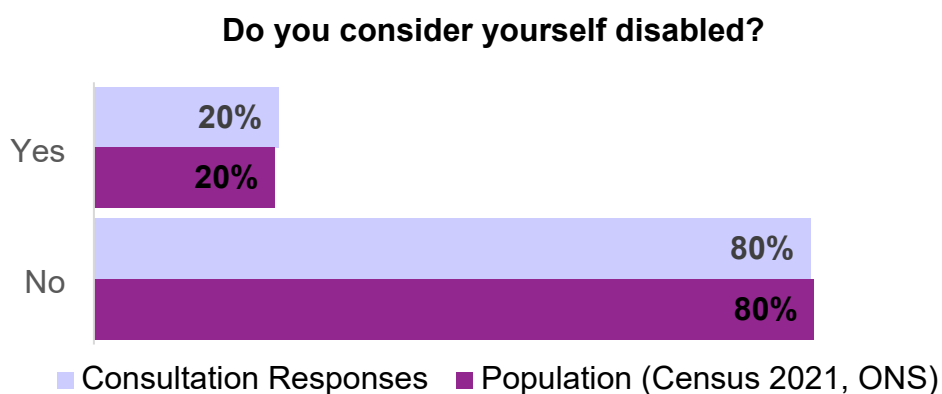
The average age of respondents was 61 years.

Comparison of consultation respondents and population aged 16+ by age band



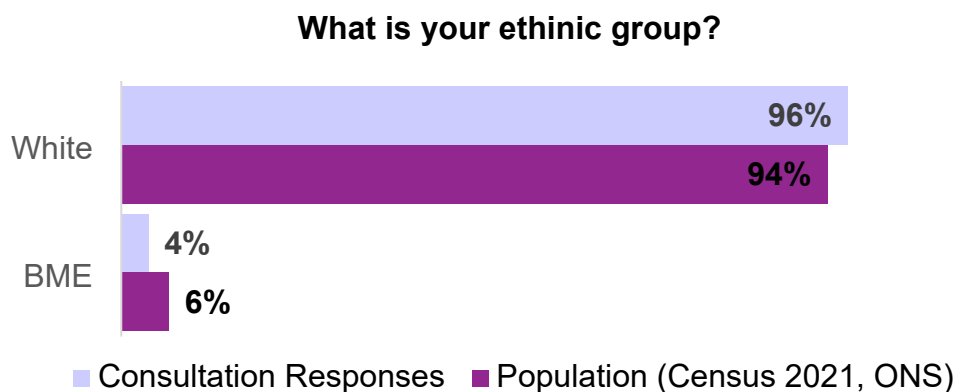
Disability

Do you consider yourself disabled?	Consultation Responses		Population (Census 2021, ONS)	
	Number	%	Number	%
Yes	376	20%	159,439	20%
No	1,461	80%	635,197	80%
Total	1,837	100%	794,636	100%



Ethnic Group

What is your ethnic group?	Consultation Responses		Population (Census 2021, ONS)	
	Number	%	Number	%
White	1,772	96%	744,378	94%
BME	66	4%	50,256	6%
Total	1,838	100%	794,634	100%

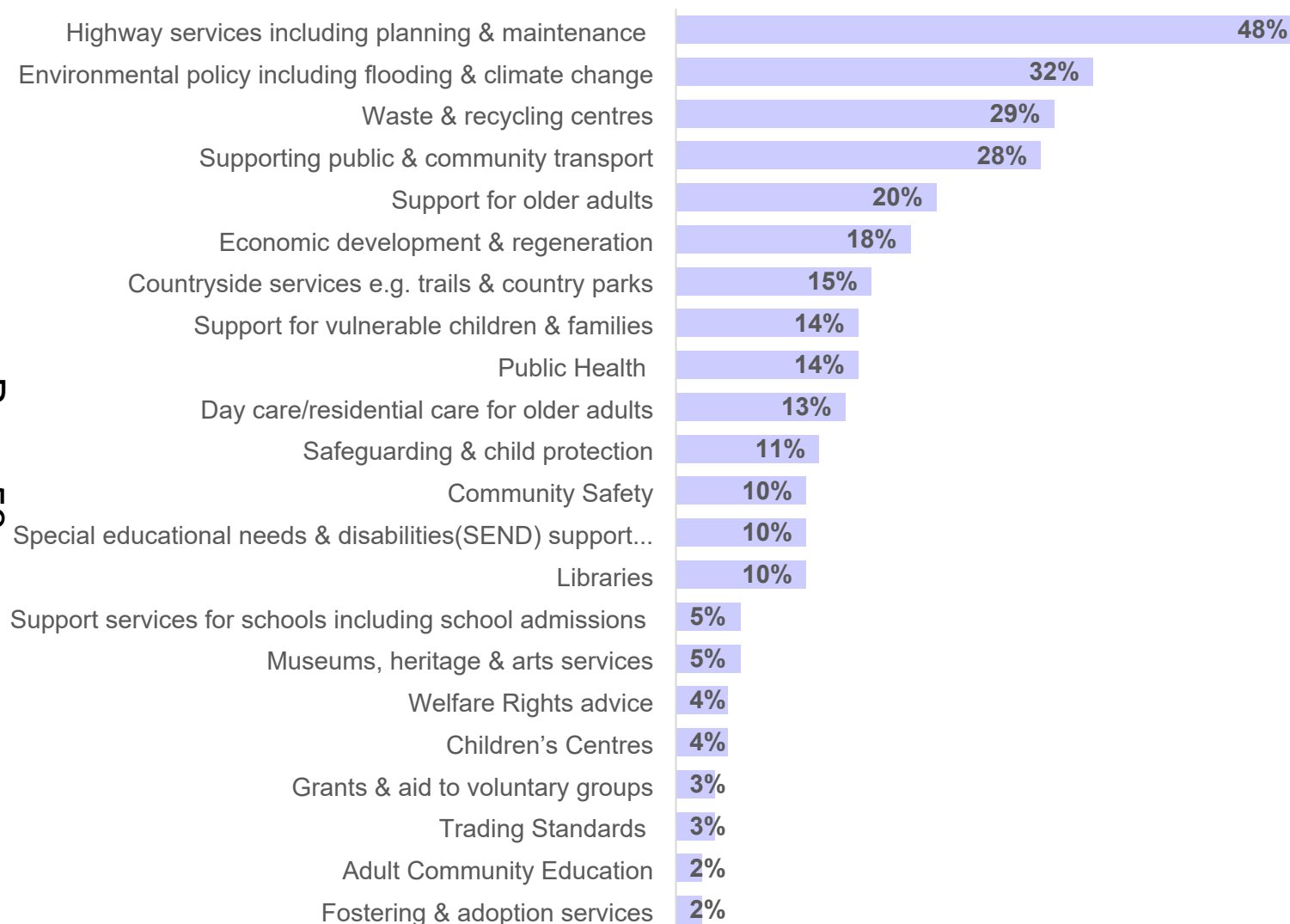


Budget Consultation - Analysis of Consultation Responses

All Derbyshire Respondents

From the list of services below provided by Derbyshire County Council please select your top three priorities:			
Priority	Consultation responses		
	Number	Percentage	Rank
Highway services including planning & maintenance	908	48%	1
Environmental policy including flooding & climate change	605	32%	2
Waste & recycling centres	545	29%	3
Supporting public & community transport	529	28%	4
Support for older adults	386	20%	5
Economic development & regeneration	331	18%	6
Countryside services e.g. trails & country parks	285	15%	7
Support for vulnerable children & families	270	14%	7
Public Health	270	14%	8
Day care/residential care for older adults	246	13%	9
Safeguarding & child protection	209	11%	10
Community Safety	195	10%	11
Special educational needs & disabilities(SEND) support services	193	10%	12
Libraries	183	10%	13
Support services for schools including school admissions	103	5%	14
Museums, heritage & arts services	72	5%	15
Welfare Rights advice	86	4%	16
Children's Centres	67	4%	17
Grants & aid to voluntary groups	65	3%	18
Trading Standards	49	3%	19
Adult Community Education	45	2%	20
Fostering & adoption services	28	2%	21
Total	5,670		

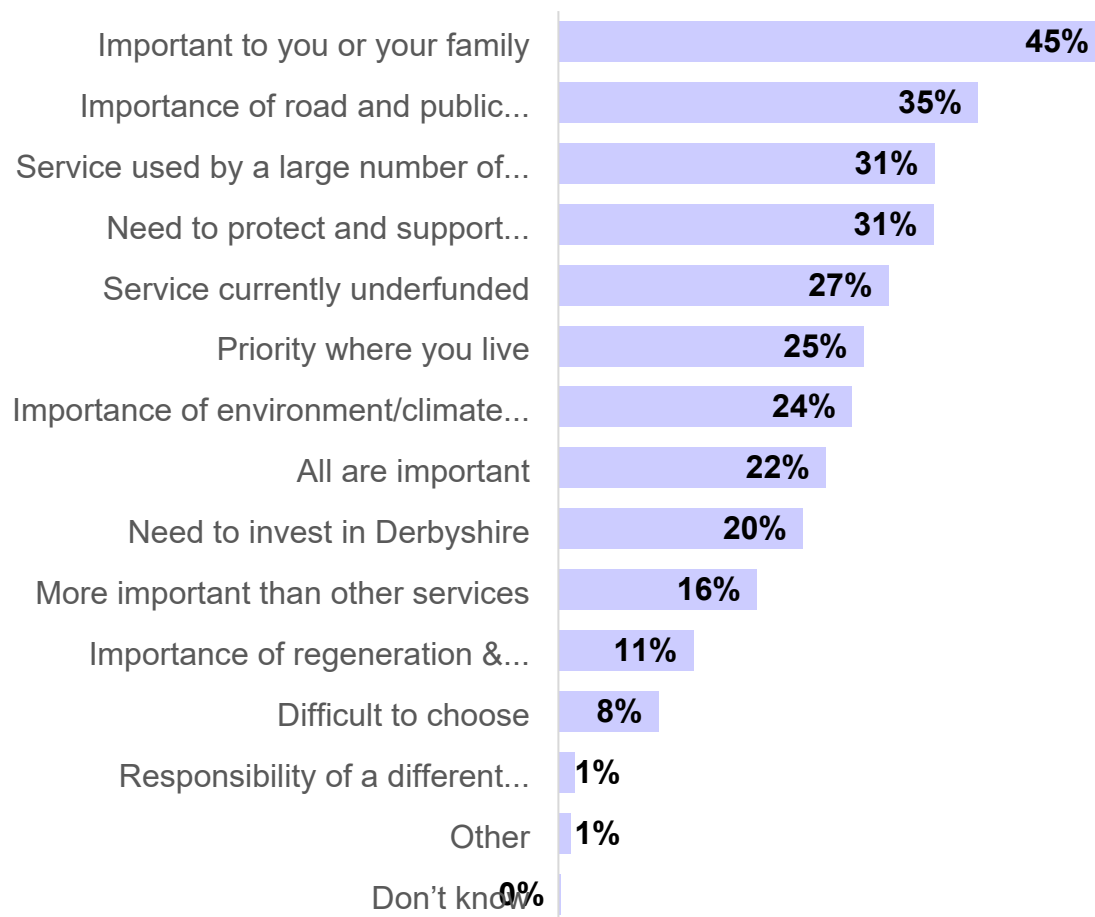
From the list of services below provided by Derbyshire County Council please select your top three priorities:



Why have you chosen these services as your top three priorities?

Reason	Consultation Responses		
	Number	Percentage	Rank
Important to you or your family	1,102	45%	1
Importance of road and public transport issues	846	35%	2
Service used by a large number of people	758	31%	3
Need to protect and support vulnerable people	756	31%	4
Service currently underfunded	665	27%	5
Priority where you live	615	25%	6
Importance of environment/climate change	592	24%	7
All are important	539	22%	8
Need to invest in Derbyshire	493	20%	9
More important than other services	400	16%	10
Importance of regeneration & economic development	272	11%	11
Difficult to choose	202	8%	12
Responsibility of a different organisation	34	1%	13
Other	25	1%	14
Don't know	5	0%	15
Total	7,304		

Why have you chosen these services as your top three priorities?



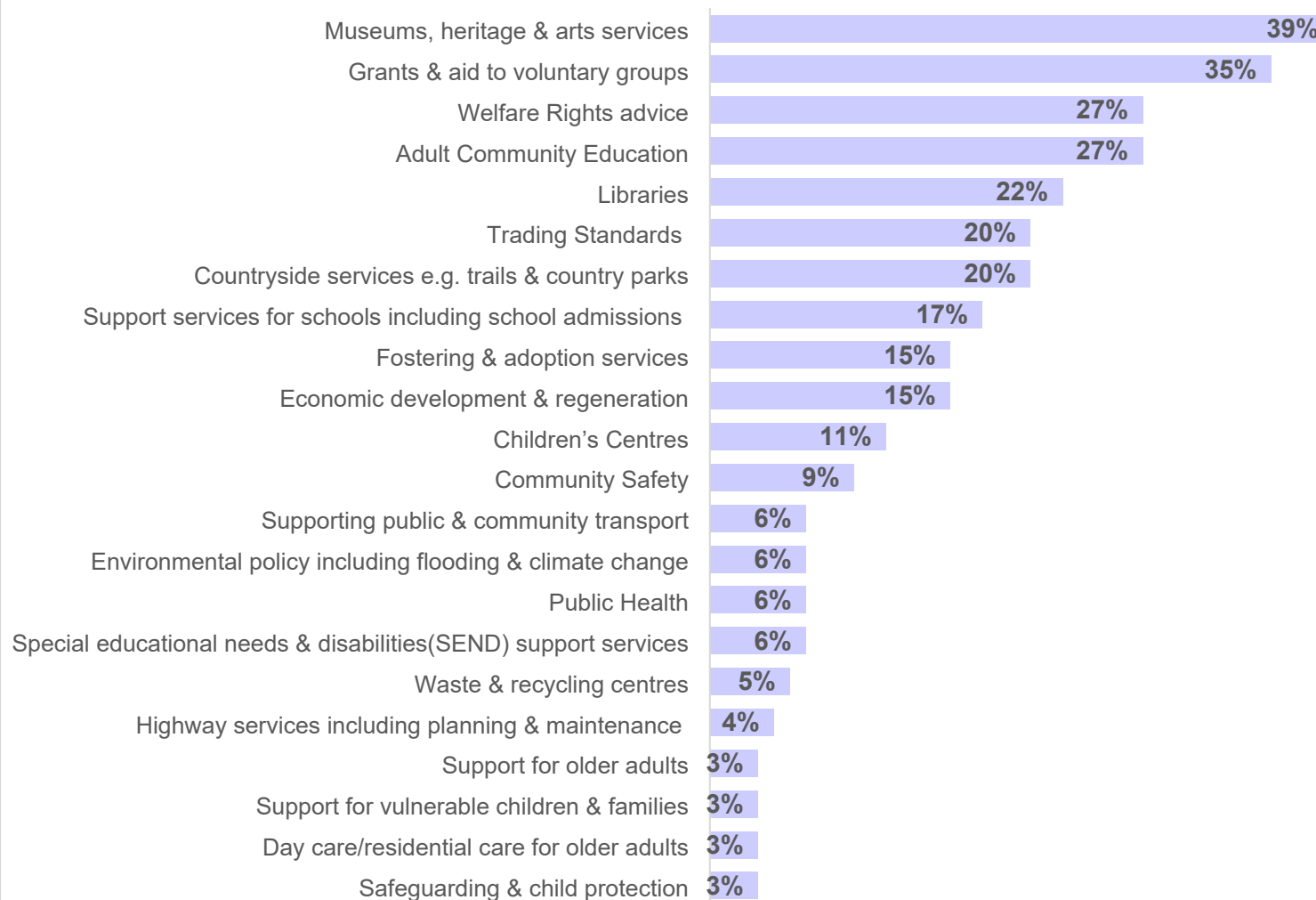
Fewer than 1% of respondents chose to comment further on why they had selected 'other' as a reason for selecting their top three priorities. Most repeated themes from the available choices. However, 'delivering statutory duties' was a common theme referred to as a further reason.

Examples of comments include:

- Our top priority has to be climate change, much better insulation, greener energy nature restoration.
- High unemployment and low basic education amongst those seeking work. Potholes.
- Incorrect focus needs addressing. Also add disabled provision to this questionnaire, on its own.
- They are your statutory duties.
- The incidence of children needing support is growing, currently outstripping provision.
- It is not just about allocating budget, there needs to be far greater efficiency and value for money.
- I believe certain boroughs could and should benefit more from public money.
- Environment must be protected, children are most important to our future we must protect the old.
- If vulnerable people, especially the young, are not supported, all other services are impacted.
- Buses in most of Derbyshire are dreadful. You have cut routes and frequencies. Needs mass investment.
- I would like to have put more than three and put them all down, as they are core functions of the Council.
- Need to reduce dependence on cars. Support vulnerable families early to avoid long term support.
- Infrastructure underpins everything else. I have seen people turn down jobs due to lack of buses.
- All services are equally important.
- Cutting carbon emissions and recycling are top priorities, then meeting the needs of the poorest.
- All are important not just three.
- Difficult to choose but all suffer from mismanagement.
- Libraries are a huge benefit to addressing loneliness, happiness, speech and language development.

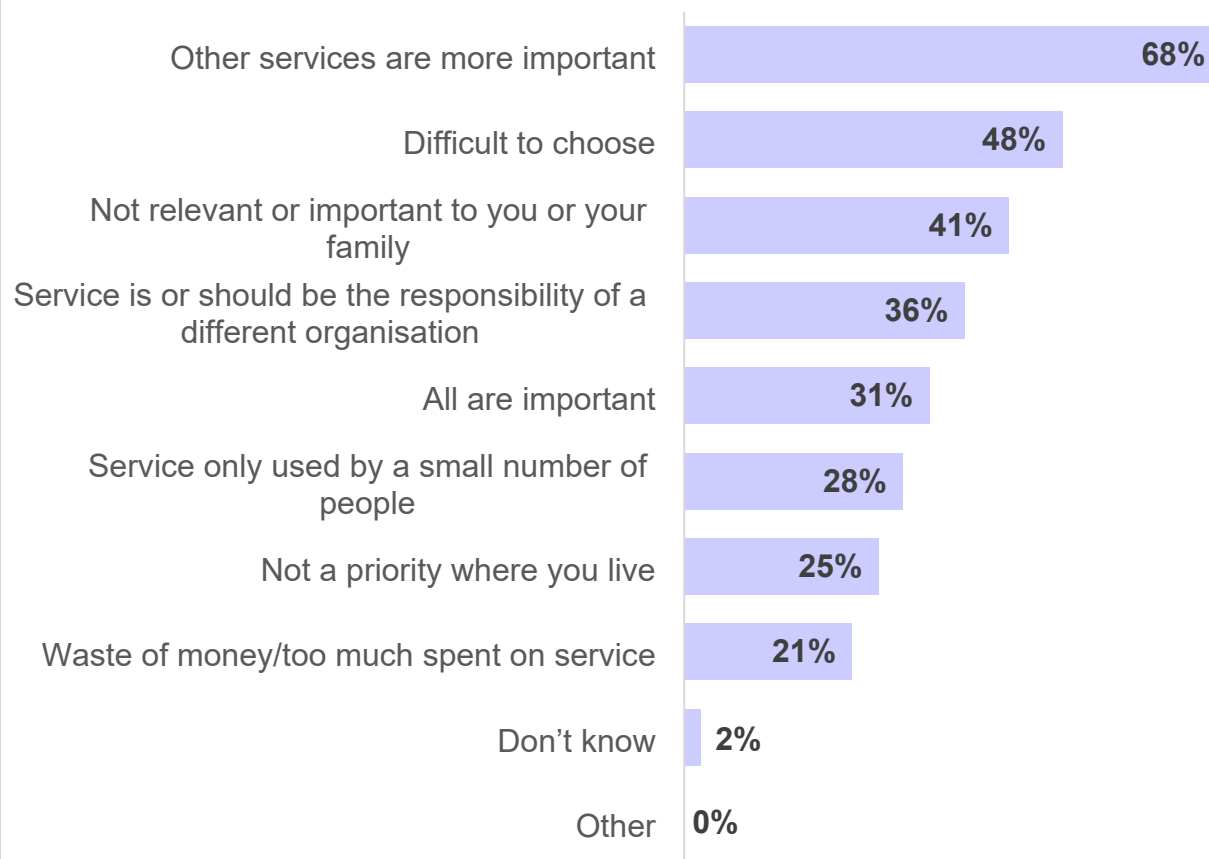
From the list of services below provided by Derbyshire County Council please select your bottom three priorities:			
Priority	Consultation responses		
	Number	Percentage	Rank
Museums, heritage & arts services	658	39%	1
Grants & aid to voluntary groups	588	35%	2
Welfare Rights advice	460	27%	3
Adult Community Education	454	27%	4
Libraries	372	22%	5
Trading Standards	342	20%	6
Countryside services e.g. trails & country parks	336	20%	7
Support services for schools including school admissions	290	17%	8
Fostering & adoption services	256	15%	9
Economic development & regeneration	249	15%	10
Children's Centres	185	11%	11
Community Safety	154	9%	12
Supporting public & community transport	107	6%	13
Environmental policy including flooding & climate change	98	6%	14
Public Health	98	6%	15
Special educational needs & disabilities(SEND) support services	97	6%	16
Waste & recycling centres	85	5%	17
Highway services including planning & maintenance	64	4%	18
Support for older adults	59	3%	19
Support for vulnerable children & families	53	3%	20
Day care/residential care for older adults	49	3%	21
Safeguarding & child protection	45	3%	22
Total	5,099		

From the list of services below provided by Derbyshire County Council please select your bottom three priorities:



Why have you chosen these services as your bottom <u>three</u> priorities?			
Reason	Consultation Responses		
	Number	Percentage	Rank
Other services are more important	918	68%	1
Difficult to choose	646	48%	2
Not relevant or important to you or your family	555	41%	3
Service is or should be the responsibility of a different organisation	479	36%	4
All are important	419	31%	5
Service only used by a small number of people	374	28%	6
Not a priority where you live	332	25%	7
Waste of money/too much spent on service	287	21%	8
Don't know	29	2%	9
Other	0	0%	10
Total	4,039		

Why have you chosen these services as your bottom three priorities?



Only 1% of respondents chose to comment further on why they had selected 'other' as a reason for selecting their bottom three priorities. Most repeated themes from the available choices. However, 'Public Health should be the responsibility of the NHS' and 'some services should be pushed to self-fund such as charging for use rather than relying on grants', were common themes referred to as further reasons.

Examples of comments include:

- Feel these services have been rundown so severely in the past that to revive them is not an option.
- Economic development should be a lower priority than the welfare of citizens.
- I feel libraries are not as important as they once were: focus on universal access to the internet.
- Need to increase tax to pay for quality public service.
- Services I feel are not well used.
- I think all are important and all should be invested in and will lead to regeneration across the county.
- "Luxury" services not as important as necessary provisions and could be provided by others.
- Grants /aid to community groups seems quite random and excessive at times.
- These seem to be okay compared to other areas.
- Too much nanny state and wasting money on things that the Council should not get involved with.
- Set up a special department to acquire more cash from Central Government.
- Impossible choice as many of the services are inter-connected with shared impacts when cuts are made.
- Museums not important to us. Parks/libraries currently in good condition.
- Some should be pushed to self-fund (like charging for use), rather than relying on grants.
- Not selected as all need help.
- I decline to choose bottom priorities because it is a dishonest exercise in the present circumstances.

Please rank the following options that the Council could use to save money or raise additional revenue from 1 to 9 in order of importance.

(Please rank the option you consider most important as 1, the second most important as 2 through to the least important option as 9)

Rank	Option	
 1	Work with other councils to deliver 'shared services'	
 2	Use other ways of delivering services such as local trusts or other 'not for profit' partnerships	
 3	Reduce the number of properties the Council owns	
 4	Reduce or stop delivery of less important services	
 5	Put more services on-line	
 6	Use Council assets to win business from the private sector	
 7	Maintain services but do less frequently or reduce level of service	
 8	Increase charges for services supplied to the public	
 9	Increase Council Tax	

If you have any other suggestions for how you think the Council could save money or raise additional revenue, please provide details.

Most people (1,251 respondents) did not make any suggestions on alternative ways for saving money or raising additional revenue. An additional 27 people referred to services that were provided by district/borough councils, or other organisations such as Government or Health. The remaining comments were grouped into a range of topics including:

- Staffing issues including reducing the number of staff, pay, sick leave and pensions of managers and staff (150 respondents).
- Continually reviewing services to improve efficiency, providing value for money whilst maintaining quality of services, and embracing modern ways of working and best practice, such as working from home and holding online meetings and running the Council as a business (107 respondents).
- Highways issues such as the quality of work on potholes leading to additional spending (69 respondents).
- Developing Council sites including selling or leasing buildings and property or renting out unused rooms. Combining buildings. Reviewing the cost of running Council buildings, such as heating costs, stationery and the impact of opening hours (69 respondents).
- Increasing funding, with a variety of suggestions outlined, including lobbying Government, instigating a local lottery and partnering with private companies (45 respondents).
- Combining local authorities (27 respondents).
- Stop outsourcing and using consultants, contractors and agencies (26 respondents).
- Reviewing Council Tax system (20 respondents).

Examples of comments include:

- Stop funding services which are not the Council's responsibility, stop devolution and a separate Mayor. Unnecessary.
- Stop sending out hard copies to all addresses. Give people the option to not to have things posted.
- Make charges for social care attached to ability to pay.
- Reduce costs by training internal staff to cover work usually done by sub-contractors.
- Better management of purchasing/tenders - don't get tied into extortionate agreements.
- Work with local industry/business to deliver appropriate requirements where this would create a saving.
- Persuade Central Government to increase Council grant funding.
- Focus on statutory services and deliver only those services that the authority has a duty to do.

- Public transport - abolish free bus passes and use that money to directly subsidise services.
- Look at what services are outsourced. In my experience outsourcing is very expensive with no control.
- Look after highways properly instead of constantly paying people to tarmac over holes.
- Properly funding the community/voluntary sector so that they can deliver more services.
- Stop vanity projects immediately and concentrate on core services.
- Remove consultants and agency workers. Engage with staff to identify better ways to deliver services.
- We could have our own lottery.
- Rent out spaces to groups and organisations.
- Stop recruitment and promotional opportunities at present.
- Use Council funds more efficiently and have less meetings.
- Invest to save schemes.
- Stop wasting money on agency staff and consultants. Trust the staff you already have.
- Review the Council Tax bands and raise money from people in larger houses.
- Challenge Central Government to properly fund things. Supply utilities for profit.
- Congestion charge to reduce traffic. Community fund raising for green spaces.
- Cut red tape, speed up the decision-making process, work with local councils providing local services.
- Reduce the time streetlights are on. Repair roads properly rather than a quick fix.
- A lot of grants and funding are available from Government but not applied for.
- I know how to spend my money, to give money taken from me via Council Tax in grants is an insult.
- Be aware of the problems reducing or charging for some services can have, with a negative costly effect.
- Review the cost of agency staff and other specialist support arrangements and seek to reduce.
- Become more efficient in how and what is done, avoid duplication of services.
- Rent out buildings and land, charge businesses for using Council tech, create chargeable resources hubs.
- Offer more services. Go to a four-day working week.
- Make use of those who will volunteer their services and provide more information on how to.

- Staff are the single most expensive issue. End the in-house culture. Use contractors in the main.
- Work in partnership with other agencies to deliver support together rather than duplicating services.
- Secure better and longer-term commissioned services.
- Reduce the number of committees and look to reduce management.
- Immediately stop the useless cycle route through Chesterfield. It's costing an obscene amount of money.
- Small charge for gold card users on public transport instead of totally free, maybe 50p a journey.
- More joint ventures are essential. This option seems to be considered as too much trouble.
- Value for money is key, people will pay more for better value and service.
- Don't spend £200,000 on installing anpr cameras in all Derbyshire household waste centres.
- Share resources within the county with other local authorities. Reduce properties not in use.
- Sell Council services to support district and borough councils with maintenance contracts.
- Allow hybrid working for employees, reduce administration costs, eg. utilities, rent, interest.
- By spending less money on getting companies to come out and do consultations.
- Put more services out to competitive tender.
- Stop giving away money to families who already receive benefits.
- Audit of staff roles in different departments - move people around/ redundancies? Lobby Government harder.
- Amalgamate all the borough councils into the County Council to cut out duplicated services.
- Look more closely at how feasible it would be to hand some services over to volunteers.
- Is there a way of charging those that can pay more for certain services?
- Increase business rates, outsource some of your less-used services to other councils/businesses.
- Better ways of checking that the services you already provide are used by genuine claimants.
- Examine the Council structure to ensure relevance to the current needs of residents.
- Make communication between different departments a priority to ensure efficiency without duplication.
- Do not cut services if the result of which is to increase need for other services. Recycling versus dumping.

- A one-off increase in higher bands of Council Tax until deficit is removed.
- Abolish the Derbyshire Discretionary Fund.
- Country parks, trails and libraries should be run by charitable trusts or community interest groups.
- Stop wasting time and money on an East Midlands, mayor; concentrate on Derbyshire.
- Services provided by the Council for free should be charged for, even if it's a low amount.
- Do not continue to raise Council Tax to pay for social care! It isn't fair to ask everyone to pay.
- Services such as road repairs could be delivered by a Council-run company.
- Council needs to be more commercially minded in how it operates at all levels.
- Involve key staff in process mapping services to identify inefficiencies.
- Unite with other councils to provide emergency services and highways maintenance. Take politics out.
- More energy efficient buildings; install solar panels to reduce electricity use.
- Outsource direct care from adult social care and libraries, stop healthy homes and discretionary fund.
- Work with partners who receive large pots of funding from providers such as Public Health England.
- Charge a tourist tax. Housing developers to fund services. Community charge to be per person not per house.
- Optional additional payments (e.g. £10-£250 per year), with option to select where the money goes to.
- Install solar panel banks on rooftops/ ground the Council owns.
- Attract retired people to cover some job roles; either voluntary or under an employment scheme.
- Reduction to community education subsidies for classes based on hobbies.
- Reduce HR and DEI budgets. Spend less in these areas. Release staff from HR obsessed targets.
- Reduce staff, improve efficiency, reduce spend, keep pay levels in line with local private sector.
- Enlist help of trained volunteers from the local community in the same way as Central Government e.g. JPs.
- Use the "earmarked" reserves more carefully and do not hoard them for use as an election gimmick.
- A modest increase in charges would be in line with everywhere else.
- Cut funding to open top tourist bus which comes past every hour with no passengers.
- Make waste recycling a major issue with clear guidance.
- Remove services NHS do...Public Health particularly.

Analysis of Consultation Responses – All Derbyshire Respondents By Sex

From the list of services below provided by Derbyshire County Council please select your top three priorities:

Priority	Consultation responses - by sex					
	Male		Female		All respondents	
	Number	%	Number	%	No.	%
Highway services including planning & maintenance	547	59%	336	37%	908	48%
Supporting public & community transport	257	28%	256	28%	529	28%
Environmental policy including flooding & climate change	293	32%	295	32%	605	32%
Waste & recycling centres	308	33%	223	25%	545	29%
Support for older adults	151	16%	224	25%	386	20%
Economic development & regeneration	184	20%	140	15%	331	18%
Public Health	140	15%	120	13%	270	14%
Day care/residential care for older adults	110	12%	130	14%	246	13%
Countryside services e.g., trails & country parks	167	18%	109	12%	285	15%
Support for vulnerable children & families	105	11%	162	18%	270	14%
Community Safety	94	10%	94	10%	195	10%
Safeguarding & child protection	80	9%	124	14%	209	11%
Special educational needs & disabilities (SEND) support services	67	7%	120	13%	193	10%
Libraries	67	7%	113	12%	183	10%
Children's Centres	32	3%	34	4%	67	4%
Support services for schools including school admissions	42	5%	58	6%	103	5%
Welfare Rights advice	22	2%	49	5%	72	4%
Grants & aid to voluntary groups	27	3%	36	4%	65	3%
Museums, heritage & arts services	41	4%	44	5%	86	5%
Adult Community Education	15	2%	28	3%	45	2%
Trading Standards	29	3%	18	2%	49	3%
Fostering & adoption services	10	1%	17	2%	28	1%
Total	2788	300%	2,730	300%	5,670	300%

From the list of services below provided by Derbyshire County Council please select your bottom three priorities:

Priority	Consultation responses - by sex					
	Male		Female		All respondents	
	Number	%	Number	%	No.	%
Museums, heritage & arts services	307	36%	331	41%	658	39%
Grants & aid to voluntary groups	319	37%	257	32%	588	35%
Adult Community Education	227	27%	219	27%	454	27%
Welfare Rights advice	252	30%	193	24%	460	27%
Libraries	194	23%	165	21%	372	22%
Trading Standards	139	16%	194	24%	342	20%
Countryside services e.g. trails & country parks	146	17%	185	23%	336	20%
Support services for schools including school admissions	148	17%	130	16%	290	17%
Fostering & adoption services	137	16%	110	14%	256	15%
Economic development & regeneration	119	14%	124	15%	249	15%
Children's Centres	95	11%	86	11%	185	11%
Community Safety	79	9%	73	9%	154	9%
Environmental policy including flooding & climate change	56	7%	36	4%	98	6%
Supporting public & community transport	56	7%	49	6%	107	6%
Waste & recycling centres	33	4%	51	6%	85	5%
Highway services including planning & maintenance	34	4%	29	4%	64	4%
Public Health	47	6%	50	6%	98	6%
Special educational needs & disabilities(SEND) support services	50	6%	45	6%	97	6%
Day care/residential care for older adults	28	3%	21	3%	49	3%
Support for older adults	28	3%	31	4%	59	3%
Support for vulnerable children & families	28	3%	23	3%	53	3%
Safeguarding & child protection	34	4%	11	1%	45	3%
Total	2556	300%	2,413	300%	5,099	300%

Please rank the following options that the Council could use to save money or raise additional revenue in order of importance
(Please rank the option you consider most important as 1, the second as 2 through to the least important as 9)

	Consultation responses by sex		
	Male	Female	All respondents
Work with other councils to deliver 'shared services'	1	1	1
Use other ways of delivering services such as local trusts or other 'not for profit' partnerships	2	2	2
Reduce the number of properties the Council owns	3	3	3
Reduce or stop delivery of less important services	4	5	4
Put more services on-line	5	7	5
Use Council assets to win business from the private sector	6	4	6
Maintain services but do less frequently or reduce level of service	7	6	7
Increase charges for services supplied to the public	8	8	8
Increase Council Tax	9	9	9

Analysis of Consultation Responses – All Derbyshire Respondents By Age Group

From the list of services below provided by Derbyshire County Council please select your top three priorities:

Priority	Consultation responses - by age band											
	16 to 24		25 to 44		45 to 64		65 to 84		85+		All respondents	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Highway services including planning & maintenance	3	30%	87	40%	379	48%	375	50%	10	42%	908	48%
Supporting public & community transport	2	20%	56	26%	182	23%	258	34%	5	21%	529	28%
Environmental policy including flooding & climate change	3	30%	73	34%	248	32%	246	5%	5	21%	605	32%
Waste & recycling centres	1	10%	36	17%	215	27%	257	34%	11	46%	545	29%
Support for older adults	2	20%	25	12%	153	19%	176	23%	8	33%	386	20%
Economic development & regeneration	5	50%	40	18%	147	19%	121	16%	3	13%	331	18%
Public Health	1	10%	36	17%	113	14%	104	14%	2	8%	270	14%
Day care/residential care for older adults	0	0%	13	6%	102	13%	103	14%	7	29%	246	13%
Countryside services e.g., trails & country parks	6	60%	39	18%	124	16%	101	13%	1	4%	285	15%
Support for vulnerable children & families	3	30%	36	17%	136	17%	82	11%	4	17%	270	14%
Community Safety	0	0%	34	16%	85	11%	62	8%	0	0%	195	10%
Safeguarding & child protection	1	10%	36	17%	107	14%	52	7%	3	13%	209	11%
Special educational needs & disabilities (SEND) support services	1	10%	35	16%	88	11%	58	8%	3	13%	193	10%
Libraries	0	0%	19	9%	70	9%	79	10%	5	21%	183	10%
Children's Centres	0	0%	16	7%	22	3%	25	3%	1	4%	67	4%
Support services for schools including school admissions	1	10%	18	8%	42	5%	40	5%	0	0%	103	5%
Welfare Rights advice	0	0%	13	6%	33	4%	24	3%	0	0%	72	4%
Grants & aid to voluntary groups	0	0%	9	4%	19	2%	34	5%	1	4%	65	3%
Museums, heritage & arts services	0	0%	12	6%	37	5%	31	4%	0	0%	86	5%
Adult Community Education	0	0%	4	2%	27	3%	9	1%	2	8%	45	2%
Trading Standards	1	10%	4	2%	19	2%	20	3%	1	4%	49	3%
Fostering & adoption services	0	0%	9	4%	11	1%	6	1%	0	0%	28	1%
Total	30	300%	650	300%	2,359	300%	2,263	300%	72	300%	5,670	300%

From the list of services below provided by Derbyshire County Council please select your bottom three priorities:

Priority	Consultation responses - by age band											
	16 to 24		25 to 44		45 to 64		65 to 84		85+		All respondents	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Museums, heritage & arts services	4	46%	78	38%	281	39%	248	36%	9	42%	658	39%
Grants & aid to voluntary groups	3	35%	45	22%	253	36%	252	37%	6	28%	588	35%
Adult Community Education	2	23%	43	21%	180	25%	201	29%	9	42%	454	27%
Welfare Rights advice	4	46%	50	25%	182	26%	194	28%	6	28%	460	27%
Libraries	4	46%	50	25%	176	25%	116	17%	4	19%	372	22%
Trading Standards	1	12%	71	35%	134	19%	114	17%	3	14%	342	20%
Countryside services e.g. trails & country parks	1	12%	33	16%	121	17%	161	24%	6	28%	336	20%
Support services for schools including school admissions	0	0%	28	14%	124	17%	116	17%	4	19%	290	17%
Fostering & adoption services	0	0%	36	18%	90	13%	112	4%	3	14%	256	15%
Economic development & regeneration	0	0%	34	17%	89	13%	112	16%	3	14%	249	15%
Children's Centres	0	0%	15	7%	86	12%	74	11%	1	5%	185	11%
Community Safety	0	0%	7	3%	60	8%	81	12%	1	5%	154	9%
Environmental policy including flooding & climate change	1	12%	8	4%	52	7%	29	4%	1	5%	98	6%
Supporting public & community transport	1	12%	21	10%	50	7%	32	5%	0	0%	107	6%
Waste & recycling centres	0	0%	17	8%	33	5%	31	5%	0	0%	85	5%
Highway services including planning & maintenance	1	12%	10	5%	25	4%	23	3%	1	5%	64	4%
Public Health	2	23%	14	7%	42	6%	33	5%	3	14%	98	6%
Special educational needs & disabilities(SEND) support services	2	23%	13	6%	50	7%	30	4%	0	0%	97	6%
Day care/residential care for older adults	0	0%	14	7%	42	6%	33	5%	1	5%	49	3%
Support for older adults	0	0%	15	7%	23	3%	18	3%	1	5%	59	4%
Support for vulnerable children & families	0	0%	5	2%	20	3%	24	4%	1	5%	53	3%
Safeguarding & child protection	0	0%	3	1%	22	3%	19	3%	1	5%	45	3%
Total	26	300%	610	300%	2,135	300%	2,053	300%	64	300%	5,099	300%

Please rank the following options that the Council could use to save money or raise additional revenue in order of importance (Please rank the option you consider most important as 1, the second as 2 through to the least important as 9)						
	Consultation responses by age band					
	16 to 24	25 to 44	45 to 64	65 to 84	85+	All respondents
Work with other councils to deliver 'shared services'	1	1	1	1	1	1
Use other ways of delivering services such as local trusts or other 'not for profit' partnerships	3	2	2	2	7	2
Reduce the number of properties the Council owns	2	5	3	3	5	3
Reduce or stop delivery of less important services	4	6	6	4	3	4
Put more services on-line	6	3	5	6	4	5
Use Council assets to win business from the private sector	7	4	4	7	6	6
Maintain services but do less frequently or reduce level of service	5	7	7	5	2	7
Increase charges for services supplied to the public	7	8	8	8	8	8
Increase Council Tax	9	9	9	9	9	9



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

1 February 2024

**Joint Report of the Managing Director and the
Director of Finance & ICT**

Revenue Budget Report 2024-25
(Corporate Services and Budget)

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or savings which are significant, having regard to the budget for the service or function concerned (this is currently defined as £0.500m).

3 Purpose of the Report

3.1 To propose a Revenue Budget and Council Tax for 2024-25. This report should be read alongside the following reports to this meeting: the Budget Consultation Results Report for 2024-25, the Reserves Position and Reserves Policy Report and the Capital Programme Approvals, Treasury Management and Capital Strategies for 2024-25 Report.

4 Information and Analysis

4.1 Introduction and Summary

4.1.1 The 2024-25 Budget proposals have been prepared in the context of significant financial challenges for the Council. The latest revenue monitoring forecast in 2023-24 predicts an overspend of more than £34m, and the draft budget estimates prepared in December 2023 forecasted a budget gap of more than £39m in 2024-25. These forecasts arise in the context of:

- A period of high inflation, which is severely impacting energy, food, and external contract costs.
- A cost of living crisis which is impacting on local communities and increasing demand for services.
- Uncertainty in respect of pay awards and challenges in respect of recruitment and retention across the sector.
- Continuing increased demand for Council services, particularly in respect of social care.
- Uncertainty of funding for local authorities over the medium to longer term, which hinders the financial planning process.

4.1.2 In this context, the budget proposals set out in this report include significant savings requirements across all departments, funding of only essential or unavoidable service pressures, the limited use of reserves to fund pressures, and an increase in Council Tax.

Section 151 Officer's Statement

4.1.3 The Council is required by law to set a balanced budget for the upcoming financial year. This balanced budget must be based on sound and sustainable assumptions about income and expenditure, the delivery of savings and use of reserves. Under Section 25 of the Local Government Act 2003, the Section 151 Officer (Director of Finance & ICT) is required to prepare a statement on the adequacy of the proposed financial reserves and the robustness of the budget estimates.

4.1.4 Section 4.11 of this report considers the budget processes, risks and uncertainties that inform the Section 151 Officer's conclusions regarding the robustness of the budget estimates. The Reserves Position and Reserves Policy Report which is a separate report on this agenda, considers the Council's reserves position, and adequacy of the General Reserve.

- 4.1.5 In the context of the risk assessment, the reserves position and the details of the proposed budget set out in this report, which are based on the best information available at the time, and the strength of the Council's Internal Control Systems, it is the opinion of the Director of Finance and ICT as the appointed Section 151 Officer for the Council, that the budget estimates for 2024-25 are robust, and the level of reserves adequate for 2024-25.
- 4.1.6 However, the Council faces a significant financial challenge in 2023-24 and 2024-25, and the financial sustainability of the Council is at real risk if the proposed savings and efficiencies (Appendix Six) for 2024-25 are not delivered. The Council must ensure a continued focus on the delivery of savings, to maintain its financial sustainability.
- 4.1.7 Reserves totalling £55m were used in 2022-23, use of £38m of reserves is already assumed within the 2023-24 forecast outturn and the forecast overspend of £34m will be a further call on reserves. The 2024-25 budget includes the planned use of just over £21m of reserves. These figures mean that over the three year period from 2022 to 2025, the Council will have utilised around £148m of Earmarked Reserves to support the revenue budget. This is not sustainable and the Council must deliver on the transformation of services, demand management and other efficiencies, to ensure future financial sustainability.
- 4.1.8 This statement is in compliance with Section 25 of the Local Government Act 2003. This is not a guarantee that spending will be within every budget line but it is reasonable to believe expenditure can be contained within the overall resource envelope agreed by the Council.










Structure of the Report

- 4.1.9 The report commences with details of the in-year position, details of the Autumn Statement 2023, and the Local Government Finance Settlement, including Council Tax levels, before identifying the service pressures facing the Council and consequent budget savings required. The report concludes with comments on the Council's financial standing and the robustness of the estimates made in preparing the budget.
- 4.1.10 The budget has been constructed in the context of currently known information. Details of the Final Local Government Finance Settlement are expected to be published in early February 2024. Information relating to the forecast funding and income streams to the Council are set out in Appendix Two.

4.2 Forecast Revenue Outturn 2023-24

4.2.1 The Revenue Budget 2024-25 is set in the context of the current in-year financial position. The latest forecast outturn for 2023-24 as at Quarter 3 (31 December 2023) is for an overspend of £34.071m by 31 March 2024. This is an increase in the forecast overspend since Quarter 2 (£32.947m) mainly due to additional costs in Adults and Children's Social Care. A full detailed Quarter 3 performance report will be presented to Cabinet and Full Council in March 2024, but summary narrative on the financial forecast (by department) is set out below.

Table 1: Department Forecast Revenue Outturn at Quarter 3

	Budget	Forecast Actuals	Projected Outturn Over/(Under) Spend	Budget Performance  Overspend  Underspend
	£m	£m	£m	
Adult Social Care and Health	315.922	322.289	6.367	
Children's Services	162.500	183.596	21.096	
Place	118.373	121.671	3.298	
Corporate Services and Transformation	77.716	77.574	(0.142)	
Total Department Outturn	674.511	705.130	30.619	
Corporate Budgets	37.385	40.837	3.452	
Total	711.896	745.967	34.071	

4.2.2 The forecast outturn table shows the position net of the impact of the ring-fenced Dedicated Schools Grant (DSG) of £397.167m and Public Health grant of £45.232m, other ring-fenced grants and income from other third parties and their associated spend.

Use of Reserves

- 4.2.3 The overall forecast Council overspend of £34.071m is after substantial one-off support of £37.997m from the Council's Earmarked Reserves. The 2023-24 Budget approved by Council in February 2023 included the planned use of £23.707m from the Budget Management reserve for planned service pressures. An additional £14.290m of Earmarked Reserves is now expected to be drawn down from Departmental reserves (£9.816m at Quarter 2) to support Adult Social Care and Health (£7.308m), Children's Services (£1.544m), CST (£2.035m) and Place (£3.403m) Department outturn positions.
- 4.2.4 The forecast overspend in 2023-24 follows the outturn position for 2022-23, which resulted in the Council utilising £55m of its reserves in order to manage its budget to meet inflationary, demand and pay award cost pressures. The Council continues to face significant inflationary cost pressures across all services, combined with continued growth in demand for Adults Services, Children's Social Care and Education, and increasing reactive and planned maintenance requirements on the Highways Infrastructure.
- 4.2.5 At the time of setting the 2023-24 budget in February 2023, substantial investment was made in all service areas to support anticipated inflationary and demand pressures. However, despite this investment, inflation has continued to result in cost pressures in excess of budget across all service areas. In addition, the Local Government pay award for 2023-24 is higher than originally estimated.
- 4.2.6 The forecast at Quarter One (30 June 2023) was for an overspend of £46.376m, which if left unmitigated would have depleted the Council's General Reserve. Whilst the latest forecast of £34.071m is an improved position from earlier in the financial year, this level of overspend will still result in a significant additional use of reserves. The Council has taken and continues to take a number of actions to mitigate the overspend, and this has resulted in reductions in expenditure in a number of areas. This includes:
- Finding alternative in year savings proposals.
 - Looking at high-cost placements to find more suitable and cost effective options.
 - Stopping or delaying projects until the next financial year to reduce planned expenditure in year.
 - Implementing a temporary recruitment freeze to reduce in year expenditure.
 - Limiting expenditure on agency staffing to cover essential roles only.
 - Introducing expenditure controls across non staffing budgets.

- 4.2.7 The Council continues to work with partners, such as the Local Government Association and the Society of County Treasurers, to lobby Government for additional funding to support vital services and to highlight the continued financial pressures facing the Council.

Forecast Budget Variances

- 4.2.8 Of the overall forecast £34.071m overspend, the significant variances (summarised in Table 1 earlier in this report) are set out below.

Adult Social Care and Health £6.367m overspend

- 4.2.9 The forecast £6.367m overspend on Adult Social Care and Health relates mainly to placements and packages of care (£17.3m overspend) and allocated savings targets which are not expected to be achieved this financial year (£9.7m shortfall reduced to £2.6m after using earmarked reserves of £7.1m).
- 4.2.10 There continues to be an increase in demand for residential care arising from hospital discharges and because there is an insufficient supply of home care and reablement services, this has driven increased placements into residential homes rather than into care at home. As a result, expenditure on independent sector placements has increased further in excess of budget.
- 4.2.11 Pressures on residential care and reablement services budgets are being partially mitigated by underspends in other areas, including Direct Care (home care) staffing vacancies (£5.4m) and underspends on Mental Health reablement (£0.8m). A net underspend of (£0.707m) on commissioning reflects additional grant income from the Better Care Fund, and underspends on Housing related support schemes and the Derbyshire Discretionary Fund are also mitigating the significant overspend on residential placements and care packages.

Children's Services £21.096m overspend

- 4.2.12 The forecast £21.096m overspend on Children's Services is mainly due to continued increases in the cost and requirement for placements for children who are in care or unable to remain at home (£16.671m overspend). There are also significant pressures on other Children's Social Care service budgets (£3.276m), and on Education budgets relating to Home to School Transport (£1.683m) and Schools and Learning (£2.580m).

4.2.13 The number of children in care has increased from 1043 in September 2023 to a height of 1070 in December and this accounts for a significant element of the increase in placement spend since quarter 2. As at the end of January 2024 there are 1060 children in Local Authority care in Derbyshire. This has followed extensive work to reduce the numbers of children in care (in accordance with individual children's care plans) and the implementation of stronger families services which are strengthening the support to reduce admissions to care and also work with children and families to return more children to family care arrangements.

4.2.14 Demand for Children's Social Care services are high, which has resulted in a forecast £3.276m overspend primarily on support for children and families. A 32% increase in contacts to the service this year has led to a 4% increase in child protection plans, a 6% increase in children in care and 2% increase in children in need. Overall the service works with around 5,000 children. In order to respond to the high level demand we need an appropriate level of skilled workforce, which necessitates the use of agency workers to cover vacancies which has contributed £0.940m to the aforementioned overspend.

4.2.15 The SEND and Educational Psychology (EP) Services have seen an unprecedented rise in demand, resulting in significant increases in assessments and Education Health Care Plans (EHCPs).

EHCPs	2022	2023	Percentage Increase
Assessment Requests	1528	2034	33%
EHCP's	4997	6325	27%

The rise in demand has resulted in an overspend for EP assessments and SEND officers to administer the statutory assessment process. As a consequence of the growth in EHCP's issued this has also resulted in an increase in staffing for the Annual Review Teams. Schools and Learning budgets are forecast to overspend by £2.580m, which includes financial pressures on the SEND team of £1.050m and financial pressure on the EP team of £0.665m. Transport demand is directly impacted by SEND and EP demand. As such the demand on Home to School transport is high, resulting in a forecast overspend of £1.683m.

Place £3.298m overspend

4.2.16 The forecast £3.298m overspend is due primarily to a £6.139m overspend on Highways and non-delivery of historic savings targets, offset by underspends in Environment and Transport.

4.2.17 The forecast overspend in Highways of £6.139m is after the use of £1.926m of Departmental reserves. The overspend position is attributed to:

- additional activity and costs for reactive highways maintenance work on the County's roads and footpaths due to increased deterioration of the network, bad weather and flooding causing more potholes (£2.390m overspend after the use of £1.420m of reserves);
- the forecast overspend for the cost of the Accelerated Capital Delivery Team (£0.550m overspend);
- winter maintenance costs are expected to exceed the allocated budget. With increasing cold conditions happening later in the year, along with increased inflation the overspend is predicted to be £1.2m (after the Winter Maintenance reserve of £0.280m has been utilised); and
- prior year savings targets are not achievable (£2.2m overspend).

4.2.18 The overspends in Highways are being partially mitigated by underspends in Waste (£2.154m), where despite significant inflationary cost pressures, reductions in tonnages for waste disposal have resulted in forecast underspends against budget. Further underspends are forecast in transport (£2.228m), where additional grant funding has resulted in savings against core budgets, and in Countryside and Climate Change (£0.520m) where in year savings and expenditure reductions are contributing to an underspend position.

4.2.19 The Department also holds £2.773m of unallocated savings targets from prior years that are not being achieved, and these are being partially offset by the use of £1.477m from reserves.

Corporate Services and Transformation (£0.142m) underspend

4.2.20 The forecast (£0.142m) underspend in Corporate Services and Transformation is a net position, reflecting both under and overspends across different service areas. The overall net underspend includes £1.454m of pressures relating to historic savings targets which are being offset by underspends across the department.

4.2.21 There is a forecast overspend of £2.775m on Property and Property Operations due to the costs of operating and maintaining the Council's property portfolio being in excess of budget as a result of inflationary pressures and urgent maintenance requirements. This includes grounds maintenance, cleaning and caretaking, and utilities costs. The property forecast also includes unachieved historic savings targets of £0.381m.

4.2.22 The overspend on Property of £2.775m, along with a Corporate overspend of £0.367m relating to an unachievable savings target, has been offset by underspends across other departments which include: savings on staffing costs as a result of vacant posts and posts being held vacant in Finance and ICT, Legal and Democratic Services, People, Organisation and Change; and Capitalisation of SAP HANA implementation costs is resulting in a forecast underspend on operational revenue budgets in ICT.

Corporate Budgets £3.452m overspend

4.2.23 The overspend on Corporate budgets is a net position, reflecting a number of under and overspends. Forecast expenditure on Debt Charges is £10.187m in excess of budget due to the increased cost of borrowing resulting from interest rate rises, combined with an increased borrowing requirement to maintain working cash levels and fund capital expenditure. This is being partially offset by £9.161m of interest and dividend income which exceeds income budgets, as a result of higher rates of interests due on loans out in the current economic environment.

4.2.24 Other budget variations include £5.3m of budget allocated to departments for the Local Government pay award which exceeded the budgeted contingency, £3.9m of inflation allocated to Children's Services in excess of the budgeted contingency, (£3.6m) of general contingency, (£5.3m) of additional non-ring fenced grants, £0.9m expected credit loss costs arising from the economic environment and £1.7m DSG grant adjustments.

Dedicated Schools Grant

4.2.25 In addition to the Council's general fund revenue budget, the Council manages the Dedicated Schools Grant. The Dedicated Schools Grant (DSG) is the ring-fenced grant from Government that provides each local authority with an allocation of funding for schools and services for pupils. The DSG contains four blocks determined by a separate national funding formula which calculates the total funding due to Local Authorities:

- The Schools Block: provides funding for individual mainstream schools and academies using an agreed funding formula.
- The High Needs Block: provides funding for the education of pupils subject to Education, Health and Care Plans from age 0 – 25 in a range of provision including special schools, mainstream schools, alternative provision, independent specialist provision and council centrally retained expenditure for high needs support and inclusion.

- The Early Years Block: provides funding for two-year olds, early years funding in schools and in the Private, Voluntary and Independent (PVI) sector as well as centrally retained expenditure for under 5s.
- The Central Schools Services Block: provides funding for the local authority to carry out central functions on behalf of pupils in both maintained schools and academies.

4.2.26 At the end of 2022-23, there was a net deficit on the Council's DSG balances of £4.775m, which represented an accumulated overspend against the allocated grant of £8.042m, partially offset by other Earmarked DSG Reserves. This deficit had arisen due to expenditure pressures on the High Needs Block.

4.2.27 In 2023-24 there is forecast to be a further in-year deficit on the High Needs block of £11.476m due to ongoing increases in the numbers of children and young people requiring support. This forecast deficit is being partially offset by some small underspends on other DSG blocks but will result in a net forecast deficit of £10.723m in 2023-24, which will increase the cumulative deficit to £15.498m.

	£m
DSG Net Deficit at 1 April 2023	4.775
2023-24 Forecast (Surplus)/Deficit:	
Schools Block	(0.434)
High Needs Block	11.476
Early Years Block	(0.044)
Central Block	(0.275)
Total net (surplus)/deficit in 2023-24	10.723
Cumulative Forecast Net DSG Deficit at 31 March 2024	15.498

4.2.28 The DSG income and expenditure does not form part of the Council's general fund revenue budget, but any surplus or deficit on the DSG funding held by the Council forms part of the Council's reserves. Whilst previously any deficit on these balances was funded by the Council, temporary regulations introduced in 2020 require that these balances are held separately. These regulations expire in 2026, at which point any deficit on the DSG balances will need to be funded by the Council.

4.3 Autumn Statement 2023

4.3.1 On 22 November 2023, the Government announced the details of the Autumn Statement 2023. Previously, on 17 November 2022, the Government announced the details of the Autumn Statement 2022, which set out public spending totals for two years, 2023-24 and 2024-25.

4.3.2 The Office of Budget Responsibility's (OBR) Economic and Fiscal Outlook was published alongside the Autumn Statement. Inflation was expected to fall to 2% by 2025 but the OBR now expects inflation to fall more gradually over the next few years, meaning inflationary pressures may remain during 2024 and will not fall as quickly as hoped.

4.3.3 The key announcements in the Autumn Statement 2023, relevant to local government, were:

- Additional total Social Care Grant confirmed (previously announced in the 2022 Statement).
- No newly announced funding for Local Government (other than from increases in Council Tax). This is despite overwhelming evidence of increased costs and rising demand, which are presenting all local authorities with a substantial financial challenge.
- The Local Government Department Expenditure Limit (DEL) is unprotected. The DEL for unprotected budgets in the next Spending Review period is expected to fall by between 2.3% and 4.1% in real terms, which suggests real-terms reductions in funding from 2025-26. Without knowing what the individual funding allocations are likely to be beyond 2024-25 there is uncertainty as to what this means for the need for further austerity measures from 2025-26.
- The National Living Wage will increase to £11.44 from April 2024. This represents a 9.8% increase and will now cover 21 and 22 year olds for the first time, adding further pressure to pay budgets and contracts, particularly for Social Care.
- The Small Business Rates Multiplier will be frozen for 2024-25, whilst the standard Business Rates Multiplier will increase by September CPI (6.7%). Local authorities will be fully compensated for the loss of income as a result of freezing the small Business Rates multiplier, meaning that taken together, the increase in the Business Rates Baseline Funding Level (BFL) and the multiplier under-indexation grant for 2024-25 will provide an increase of 6.7%.
- Areas currently on 100 per cent business rates retention arrangements will continue in 2024-25. The Government will review enhanced arrangements, as a source of income for areas and its impact on local economic growth, and as part of deeper devolution commitments as set out in the Levelling Up White Paper.

- The business rates revaluation took effect from 1 April 2023, as well as a transfer of some properties from local lists to the central list. The Government consulted last year on a methodology to make these adjustments for the 2023 revaluation. The year two adjustment has been made. Councils will be compensated for their losses from the transfer of properties to the central list.
- Further Investment Zones announced, including the East Midlands Investment Zone, which will focus on advanced manufacturing across the region. Government is also extending the duration of the tax reliefs available in Freeports from five to ten years to 'maximise the programme's impact' and will also set up a new £150m Investment Opportunity Fund for the programme. Whilst there is no immediate direct impact to the Council, there is the potential for business rates gains in the medium to long-term.
- Announcements of £15m funding for Bolsover (Regeneration Fund) and Swadlincote £1.1m (Levelling Up Fund Round 3).
- Plans for a new 'level four' of the devolution framework that is likely to devolve a single transport funding settlement. Level Four will be available to combined county authorities (as well as other combined authorities and authorities with a level three deal) and come with 'new scrutiny expectations'. This will therefore potentially be available to the East Midlands Combined County Authority in future, depending on Government Announcements.
- Guidance for the Local Government Pension Scheme (LGPS) will be revised to implement a 10% allocation ambition for investments in private equity, which is estimated to unlock around £30bn. The Government is also establishing a March 2025 deadline for the accelerated consolidation of LGPS assets into pools and setting a direction towards fewer pools exceeding £50bn of assets under management.

4.4 Local Government Finance Settlement

- 4.4.1 Details of the Provisional Local Government Finance Settlement 2024-25 (Provisional Settlement) were published on 18 December 2023, following publication of a Local Government Finance Policy Statement (Policy Statement) on 5 December 2023.

The Provisional Settlement was broadly in line with the indicative quantum announced in the Autumn Statement 2022.

Publication marked the start of a four-week consultation period. The Director of Finance & ICT submitted the Council's response to the Provisional Settlement ahead of the deadline for responses, which was 15 January 2024, following consultation with the Cabinet Member for Strategic Leadership, Culture Tourism and Climate Change, Cabinet Member, Corporate Services and Budget, and the Managing Director. A copy is attached at Appendix Three.

Details of the Final Settlement are expected to be published by early February 2024. However, the publication date may be after the Council has formally set its budget and Council Tax on 14 February 2024.

4.4.2 Further to the key announcements relevant to local government from the Autumn Statement, headlines from the Policy Statement, Provisional Settlement and associated Technical Consultation, and later announcements, are:

- An average 6.5% increase in local government Core Spending Power (Core Spending Power measures the core revenue funding available for local authority services, including Council Tax and locally retained business rates), with the Council set to receive a 7.2% increase. This consists of £1.8bn additional grants previously announced and £2.1bn from the assumption that councils will raise their Council Tax by the maximum permitted without a referendum, which for the Council is confirmed at 4.99% (which is either a 2.99% general increase and a 2% ASC Precept increase, or a 3% general increase and a 1.99% ASC Precept increase).
- No further announcements of increased general funding to meet the severe cost and demand pressures which have left councils warning of the serious challenges they face to set balanced budgets for 2024-25.
- Further to earlier announcements regarding the overall level of increase, clarification of the Council's allocation in respect of the increased £4.5bn Social Care Grant for adults' and children's social care. Clarification of the specific adult social care grant allocations in respect of the increased £500m local authority Discharge Fund Grant (£8.349m Council allocation to be pooled as part of the Better Care Fund), and the increased £1.05bn Market Sustainability and Improvement Fund (MSIF) Grant, which includes the consolidated 2023-24 £205m MSIF Workforce Funding Grant (£15.869m Council allocation). No change to improved Better Care Fund allocations.
- The Services Grant will reduce by 84% from £483m to £77m to fund other areas of the Settlement and local government grants outside of the Settlement.
- The method for calculating New Homes Bonus (NHB) has not changed from 2023-24.

- One grant with a total value of £115m, the Home Office's Fire and Pensions Grant, will be consolidated into the Revenue Support Grant (RSG) in the Settlement. The Council does not receive this consolidated grant.
- In other respects, the core settlement will continue in a similar manner in 2024-25 and major grants will continue as in 2023-24. RSG for 2024-25 will increase in line with September 2023 CPI. Business Rates pooling will continue.
- The Government notes that whilst local authority reserves are falling, they remain significantly higher than prior to the pandemic. There is continued encouragement for local authorities to consider, where possible, how they can use their reserves to maintain services in the face pressures.
- The Government has extended the flexibility to use capital receipts, to fund the revenue costs of reducing costs and improving efficiency, to March 2030. It has also committed to engage with the sector to explore additional capital flexibility options to enable invest-to-save and transformation initiatives.
- An Exceptional Financial Support framework is available to provide support where a council has a specific and evidenced concern about its ability to set or maintain a balanced budget, including where there has been local financial failure. The Exceptional Financial Support that has been offered has been either an increased council tax referendum limit, or a capitalisation direction. The latter enables revenue costs to be spread over more than one year by being funded by borrowing or by capital receipts. Both will be funded by the local taxpayer. The Government states that where councils need additional support, they should take every possible step to minimise the need for that support to be funded by national taxpayers. As part of that process, the Government will consider representations from councils, including on council tax provision.
- The Government states that it remains committed to improving the local government finance landscape in the next Parliament and that at the 2023-24 Settlement, they heard calls from the sector for stability. They say that now is not the time for fundamental reform, for instance implementing the Review of Relative Needs and Resources or a reset of accumulated business rates growth. This continues to be the Government's position.
- The Government is issuing a data collection, to run alongside the consultation period, to determine which local authorities' current or proposed operations for 2024-25 fall within the definition of the 'four day working week'. The Government has said it is considering which financial levers could be used in future settlements to disincentivise local authorities from operating a 'four day working week' (or equivalent arrangements of part time work for full time pay) and want to seek the views of the sector about how this could be affected and what impact it would have.

- The December 2023 DSG announcement provides for an increase in High Needs funding of £440m (4.3%). The funding announcement also included a significant increase in the Early Years Block budgets. These budgets primarily relate to funding for Early Years and Childcare providers and the increase reflects the Government's expansion of free childcare to include over twos (April 2024) and over nine months (September 2024). The statutory override for the accounting treatment of DSG positions will continue to 2025-26.
- The indicative total Public Health Grant for 2024-25 was published in March 2023, increasing to £3.575bn. No further detail or allocations were provided in the Settlement.

Future Funding Levels

- 4.4.3 A multi-year settlement provides local authorities with some certainty, supporting medium-term financial planning and financial sustainability. The Provisional Settlement has provided individual grant allocations for 2024-25 only.

It is disappointing that the Provisional Settlement has failed to announce a multi-year settlement, as it constricts the flexibility of local authorities to balance budgets across the medium term. The local government sector has implored Government for a multi-year settlement. 2024-25 will be the sixth continuous single-year settlement.

Settlement Funding Assessment

- 4.4.4 Settlement Funding Assessment (SFA) is made up of Revenue Support Grant (RSG), Business Rates Top-Up (both of which are received directly from Government) and localised Business Rates, which are received directly from the district and borough councils. Details of the allocations are summarised below:

Table 2: Settlement Funding Assessment Allocations

	2023-24 allocations £m	2024-25 allocations £m
Revenue Support Grant	15.714	16.755
Business Rates Top-Up	97.774	101.909
Business Rates – Local*	19.383	18.418
	132.871	137.082

*2024-25 Business Rates – Local – based on the Council's high-level estimate. Billing authorities have until 31 January 2024 to provide the Council with the final estimates for 2024-25 growth to be used in setting the budget.

- **Revenue Support Grant (RSG)** – The Council's RSG has increased from £15.714m in 2023-24, to £16.755m in 2024-25, in line with the increase CPI inflation of 6.7% at September 2023. There is no change to the distribution methodology of RSG from that used in 2023-24.
- **Business Rates Top-Up** – The Council's Business Rates Top-Up has increased from £97.774m in 2023-24, to £101.909m in 2024-25. The Government has frozen the small Business Rates multiplier for 2024-25. However, the 'Business Rates Capping' grant has increased to compensate for the under-indexation of the multiplier. Taken together, the increase in the Business Rates Baseline Funding Level (which is the amount of an individual authority's 2013-14 Settlement Funding Assessment provided through the local share of retained business rates income, updated for inflation) and the Business Rates multiplier under-indexation grant ('Capping Grant') for 2024-25 provide an increase of 6.7%.

Business Rates – Locally Retained - The figure for Local Business Rates of £18.418m is the Council's high-level estimate of its Derbyshire business rates income for 2024-25, based on previous years' income and the assumption that there will be 1.5% growth (2023-24: 8.5% growth) in local business rates taxbase in 2024-25 but a deficit on the collection fund of £1.500m (2023-24: £0.144m deficit). At the time of drafting the report, one 2024-25 business rates estimate has been received from the billing authorities. Billing authorities have until 31 January 2024 to provide the Council with the final estimates for 2024-25 growth to be used in setting the budget. The estimate represents the Council's 9% share of their estimate of business rates they will collect locally in 2024-25. A verbal update of the business rates income forecast will be provided at this meeting, when further information will have been received. As a result, the Council's estimate of locally retained business rates income could change. Any changes to the figure shown in Appendix Two will be managed through the Risk Management Budget or use of reserves.

New Homes Bonus (NHB)

- 4.4.5 The NHB grant is aimed at encouraging local authorities to grant planning permission for the building of new houses and then share in the additional revenue generated. The allocations tend to favour councils with lower tier responsibilities. The method for calculating NHB is the same as in 2023-24. As in 2023-24, the NHB grant contains no legacy payments but does continue to include new single year payments. The 2024-25 payment for local authorities, of £291m, is the same as in 2023-24 but the Council's allocation has reduced from £1.106m in 2023-24, to £0.843m in 2024-25.

General Grant

4.4.6 Details of further grant allocations are set out in the table below:

Table 3: General Grant Allocations

	2023-24 £m	2024-25 £m
Social Care Grant	61.318	72.670
Improved Better Care Fund (iBCF)	35.733	35.733
Business Rates Capping*	24.884	24.117
Services Grant*	4.565	0.718
Homes for Ukraine – Tariff Grant*/***	0.300	0
Bus Service Improvement Plan<	11.466	10.624
Extended Rights to Free Travel*/***	1.785	1.785
Domestic Abuse Duties	1.505	1.533
Local Reform and Community Voices Grant**/***	0	0
War Pensions Scheme Disregard**/***	0	0
Prison Services**/***	0	0
Moderation Phonics*/***	0.032	0
Early Years Delivery Support Funding*/***	0.128	0
	141.716	147.180

* 2023-24 figures updated from Revenue Budget Report following announcement/release of allocations.

** For 2023-24 awaiting Government information about this grant.

*** For 2024-25 awaiting Government information about this grant; where numbers are included it is considered likely that funding will be received at around 2023-24 levels or an indicative allocation has been received.

< Following the establishment of the new East Midlands County Combined Authority (EMCCA), funding from 2024-25 will first be allocated to the combined authority and then expect to be passported to the Council.

Further details of the individual grants outlined in the table above are set out below.

- **Social Care Grant** – The Social Care Grant is a grant for adult and children's social care services. Total funding provided by this grant has increased from £3.85bn in 2023-24 to £4.54bn in 2024-25. This includes £1.88bn of funding from delaying the rollout of adult social care charging reform from October 2023.

The Council's Social Care Grant allocation has increased, from £61.318m in 2023-24 to £72.670m in 2024-25 as set out in the table below:

Table 4: 2024-25 Social Care Grant Increase

	Social Care Grant £m
2023-24 Social Care Grant	61.318
2024-25 Additional Social Care Grant determined according to the Adult Social Care Relative Needs Formula	8.041
2024-25 Additional Social Care Grant Equalisation Funding, applied to reflect the Council's low Council Tax taxbase which reduces its ability to raise additional funding through levying the ASC Precept	3.311
	<hr/> 72.670 <hr/>

- **Improved Better Care Fund (iBCF)** – The iBCF is additional funding for adult social care authorities, which has to be included within Better Care Funding plans. For 2024-25, funding is being maintained at the same level as in 2023-24 in cash terms (£2.14bn), with the distribution unchanged. The Council's allocation is £35.733m.
- **Business Rates Capping** – This Section 31 Grant compensates authorities for reductions in business rates income, following decisions by Government to change the rate relief for some organisations and for changes in the uprating of the business rates multiplier, including freezing of the business rates multiplier in recent years. The amount included in the Council's 2024-25 budget calculation is the Council's Provisional Settlement allocation for under-indexing of the business rates multiplier. Billing authorities will provide final estimates by 31 January 2024 to be used in setting the budget. A verbal update of business rates income will be provided at this meeting.

- **Services Grant** – The Services Grant is an un-ringfenced grant to support the delivery of all local authorities' services. It has continued in 2024-25 but with total national funding significantly reduced from £464m to £77m, which is being used to fund increases to other Settlement grants and equalisation of the Adult Social Care Precept within the Social Care Grant. The funding is distributed through the existing formula for assessed relative need. The Council's allocation has decreased, from £4.385m in 2023-24 to £0.718m in 2024-25.
- **Other Grants -**
 - **Domestic Abuse Duties** - The Domestic Abuse Act 2021 placed new duties on local authorities to ensure that victims of domestic abuse and their children can access the right support in safe accommodation. This funding is to enable local authorities to deliver these duties. Local authorities were advised of individual allocations for 2023-24 and 2024-25. The Council's allocation is £1.533m for 2024-25 (2023-24: £1.505m)
 - **Homes for Ukraine – Tariff Grant** – funding for councils who have a number of important functions in supporting this scheme.
 - **Bus Service Improvement Grant** – funding to form part of the necessary investment required for the delivery of the Bus Service Improvement Programme. The Council's revenue allocation for 2024-25 is £10.624m, which includes original grant funding announced for 2024-25 of £6.105m and an additional £4.519m, announced in September 2023 (2023-24: £11.466m). However, following the establishment of the new East Midlands County Combined Authority (EMCCA), funding from 2024-25 will first be allocated to the combined authority and then allocated to Derbyshire County Council. This is because there is a transitional period prior to the transfer of transport functions to the EMCCA with functions in the first year (2024-25) being discharged by the Council.

Budget is allocated to departments on a one-off basis, when funding is confirmed, to fund relevant activities in respect of the above three grants.
 - **Extended Rights to Free Travel** – funding to support extended rights to free school travel.

- **Local Reform and Community Voices Grant** – this grant is comprised of funding for Deprivation of Liberty Safeguards, local Healthwatch and Independent Complaints Advisory Services.
- **War Pensions Scheme Disregard** - compensates authorities for disregarding, for the purposes of social care charging, most payments made under the War Pension Scheme.
- **Prison Services** – funding for social care in prisons.

Departments have been compensated previously, with funding allocated to their ongoing base budgets, in respect of the above four grants. This means that any grant receipt is taken into the Corporately held Risk Management Budget for general budget funding requirements.

Private Finance Initiative Grant (PFI)

4.4.7 The PFI grant is received to support expenditure which is incurred in meeting payments to contractors for the capital element of school building projects previously undertaken through PFI and similar funding arrangements. These funding arrangements require payments to be made over a 25-year period. The capital payments due on these schemes will end in three phases between 2029 and 2035. The Council's allocation for 2024-25 is £10.504m.

Ring-Fenced Grants

4.4.8 The Council receives the following ring-fenced grants:

- **Dedicated Schools Grant (DSG)** - Grant is paid to local authorities to provide school, high needs, early years and central school services block budgets. Local authorities are responsible for determining the allocation of grant in conjunction with their local Schools Forum. Local authorities are responsible for allocating funding to schools and academies, high needs and early years providers in accordance with their local funding formulae. DSG funding allocations for 2024-25 were published on 19 December 2023. Details of DSG schools block funding will be considered at the Cabinet meeting on 22 February 2024 and the remaining blocks will be considered at the Cabinet meeting on 14 March 2024.

- **Public Health** - Public Health expenditure is funded from a ring-fenced grant. The budget is largely spent on drug and alcohol treatment services, sexual health services, health protection and promoting activities to tackle smoking and obesity and to improve children's health. Indicative allocations for the Public Health Grant 2024-25 quantum were published in March 2023, with a planned 1.3% cash uplift, which would take 2024-25 funding to £3.575bn. The Government had previously stated that further specific investment will continue to improve the Start for Life offer and support improvements in the quality and capacity of drug and alcohol treatment. Government is providing a further £70m each year from 2024-25 to support local authority-led efforts to stop smoking. According to the Government, this total funding package will deliver a real-terms increase of more than 7% in Department of Health and Social Care investment in local authority public health functions over the 2 years 2023-24 and 2024-25. No further detail was provided with the Settlement.

The Council's allocation for 2024-25 was not published alongside the Provisional Settlement. The Government has also not yet confirmed whether the ring-fence and grant conditions will remain in place for 2024-25. At some point it is expected that the funding for Public Health will form part of revised funding mechanisms for local authorities following funding reviews.

- **Better Care Fund** - The Better Care Fund (BCF) was announced in June 2013 as part of the 2013 Spending Round. It provides an opportunity to transform local services so that people are provided with better integrated health and social care. The BCF supports the aim of providing people with the right care at the right place at the right time. This builds on the work which the Derby and Derbyshire Integrated Care Board (ICB) and the Council are already doing, for example as part of integrated care initiatives, joint working and on understanding of patient/service user experiences.

The 2024-25 allocation for Derbyshire as a whole has yet to be announced. The 2023-25 BCF Policy Framework published in April 2023 included a 5.66% increase to the NHS minimum contribution into the BCF each year and an extra £1.6bn to support hospital discharge. Additional funding of £2.779m to support hospital discharge was allocated for 2023-24, for the ICB and Council in total, with a further amount, estimated to be £16.700m, announced for 2024-25, again for the ICB and Council in total. An addendum to the 2023-25 BCF Policy Framework will be published in 2024, which will set out further information on aligning demand plans for intermediate care with wider local authority commissioning and planning for long term care, and NHS operational planning.

The 2023-24 budget allocation of £115.935m and £9.547m for the discharge fund was split as follows:

Table 5: 2023-24 Better Care Fund and Discharge Fund Allocation

	2023-24 £m
Derby and Derbyshire ICB	70.152
ICB Minimum Contribution	70.152
ICB Additional Contribution	
Discharge Grant	4.537
Total ICB Contribution	74.689
DCC Additional Contribution	
ICES Equipment	0.852
Other	0.611
Disabled Facilities Grant	8.587
Improved Better Care Fund	35.733
Discharge Grant	5.010
	50.793
	125.482

The funding can be used to improve health outcomes for clients and their carers. Derbyshire will look to invest in services jointly commissioned with health services, which include reablement, seven-day services, better information sharing, joint assessments and reducing the impact on the acute sector.

The BCF has national metrics underpinning its performance, which will be used to measure success, include reducing admissions to residential care homes, effectiveness of reablement out of hospitals, non-elective admissions to hospitals and delayed transfer of care.

This funding system presents opportunities and risks to the Council and these are the subject of detailed negotiation with the ICB. The additional funding helps to bridge the funding gap left by the reduction in the Council's Revenue Support Grant over the years.

4.5 Council Tax

- 4.5.1 District and borough councils are required to provide details of their Council Tax taxbases, together with any surplus or deficit figures on their collection funds, to the Council.

Taxbase

- 4.5.2 The Council's Band D Council Tax rate is calculated by dividing the Council's Council Tax Requirement (CTR) by the total taxbase figures. Each of the borough and district councils uses a Collection Fund to manage the collection of Council Tax and to make an adjustment to reflect the actual collection rate of Council Tax in the previous year. Following the introduction of the Business Rates Retention Scheme in April 2013, the borough and district councils are required to take account of both Council Tax and Business Rates collected in determining their surpluses or deficits. Whilst provisional Council Tax taxbase and collection fund positions have been received from all billing authorities, these have yet to be fully confirmed. The billing authorities have until 31 January 2024, this being the statutory deadline, to confirm their taxbase and collection fund positions. Any changes to the figure shown in Appendix Two following this Council meeting, or the full Council meeting, will be managed through the Risk Management Budget or use of reserves.
- 4.5.3 The total provisional Council Tax taxbase figure for 2024-25 is 264,429.58, based on the number of equivalent Band D properties, which is a 1.26% increase on the previous year. Individual authority information is shown at Appendix Four.
- 4.5.4 The additional Council Tax due as a result of the increase in taxbase is £4.860m. This is calculated by multiplying the increase in the number of properties by the Council's Equivalent Band D Council Tax rate in 2023-24. Previous years have seen increases in the taxbase of 1.57%, 1.86% and 0.41%. Based on continuing strong expected housing growth, the Five Year Financial Plan (FYFP) assumes prudent annual Council Tax taxbase increases of 1.30% from 2025-26.

Collection Fund

- 4.5.5 The Council Tax collection fund surplus for 2023-24 was estimated at £1.049m in the Council's Revenue Budget 2023-24 Report, based on information received from billing authorities by the statutory deadline of 31 January 2023. This included £1.041m of deficit carried forward from 2021-22 budget setting. The repayment of collection fund deficits arising in 2020-21 was spread over the following three years rather than the usual period of a year. The regulations to implement the collection fund deficit phasing came into force on 1 December 2020, in response to difficulties billing authorities were experiencing because the Covid-19 pandemic was severely impacting on Council Tax collection fund positions and forecasting. 2023-24 was the final year of spreading the deficit. This estimated collection fund position for 2023-24 was lower than the position before the pandemic.

4.5.6 The total Council Tax collection fund deficit for 2024-25 is estimated at -£0.212m, based on information received from billing authorities. Based on this position being significantly worse than in previous years, the Five Year Financial Plan (FYFP) assumes a more prudent Council Tax collection fund position than had been previously assumed, of a £0.500m surplus each year from 2025-26.

4.5.7 The Council Tax collection fund surpluses/deficits for the individual authorities are shown at Appendix Four.

Referendum Principles

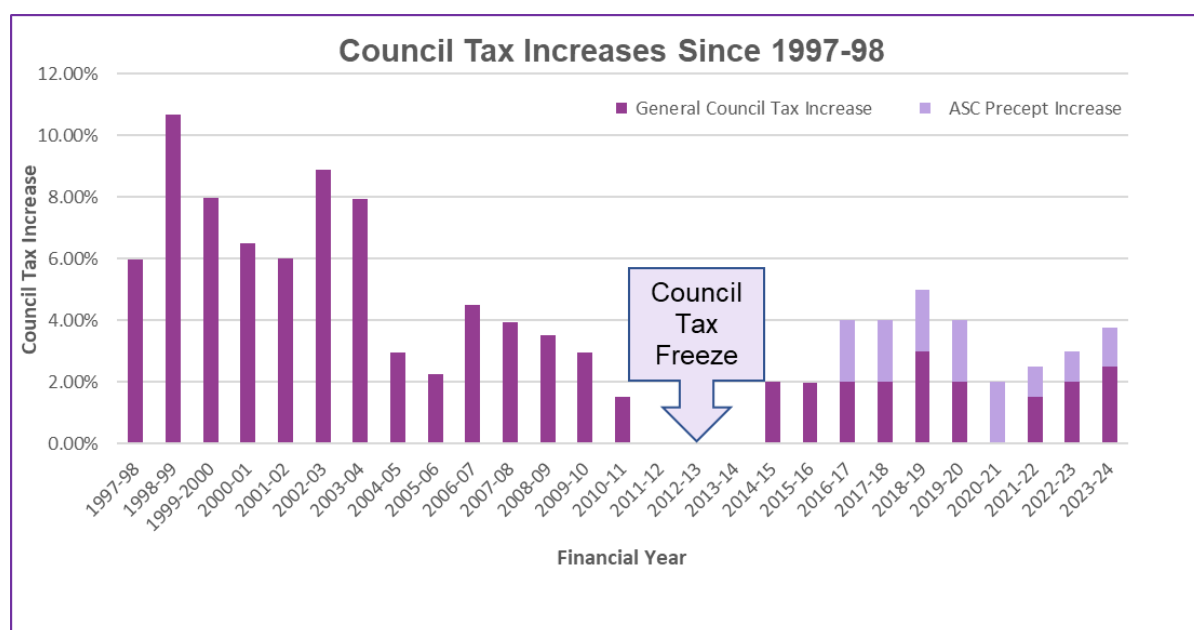
4.5.8 Since 2012-13, local authorities have been required to determine whether the amount of Council Tax they plan to raise is excessive. A set of principles defined by the Government is used to determine if the amount to be raised is excessive. An authority proposing an excessive increase in Council Tax must hold a local referendum.

4.5.9 The Autumn Statement provides county councils with the flexibility to increase Council Tax by up to 3% for general spending. In addition, local authorities with adult social care responsibilities will be able to increase adult social care spending by levying up to a further 2% using the ASC precept. For the Council, a referendum would be triggered for a Council Tax increase of 5% and the maximum permitted without a referendum is 4.99% (which is either a 2.99% general increase and a 2% ASC Precept increase, or a 3% general increase and a 1.99% ASC Precept increase).

4.5.10 Details of any assurance process relating to the use of the ASC Precept in 2024-25 have yet to be issued. As usual, billing authorities will be required to include information on the face of the Council Tax bill, with a narrative statement on the front of the bill highlighting any Council Tax attributable to levying this funding for adult social care, as well as providing further information to the taxpayer. Further information is also required to be included with the Council Tax bill.

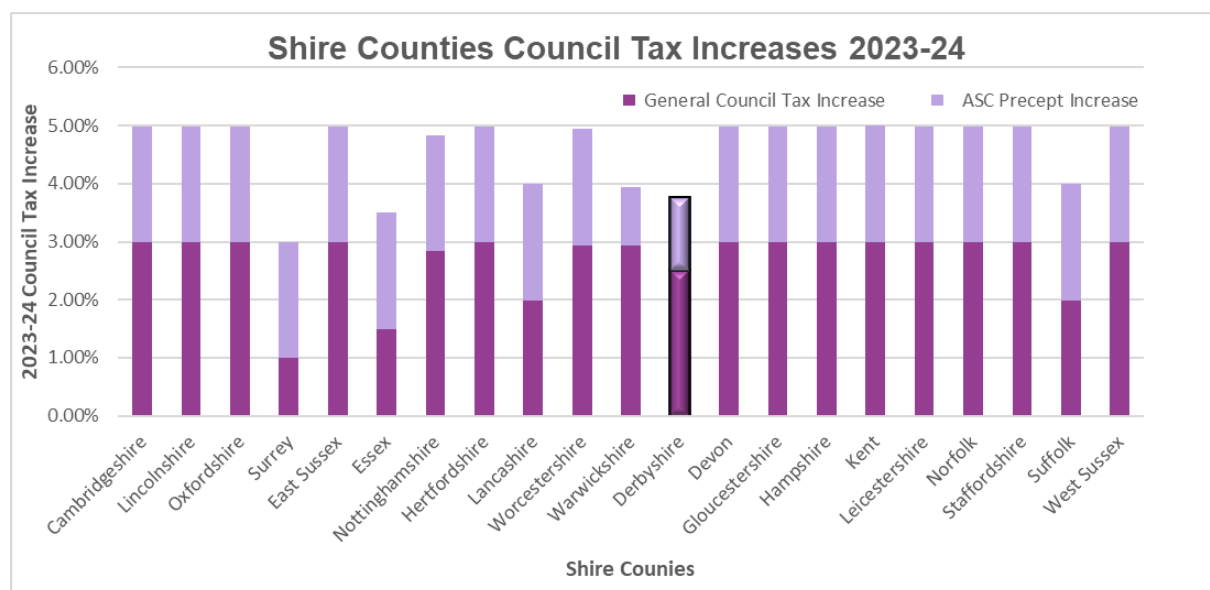
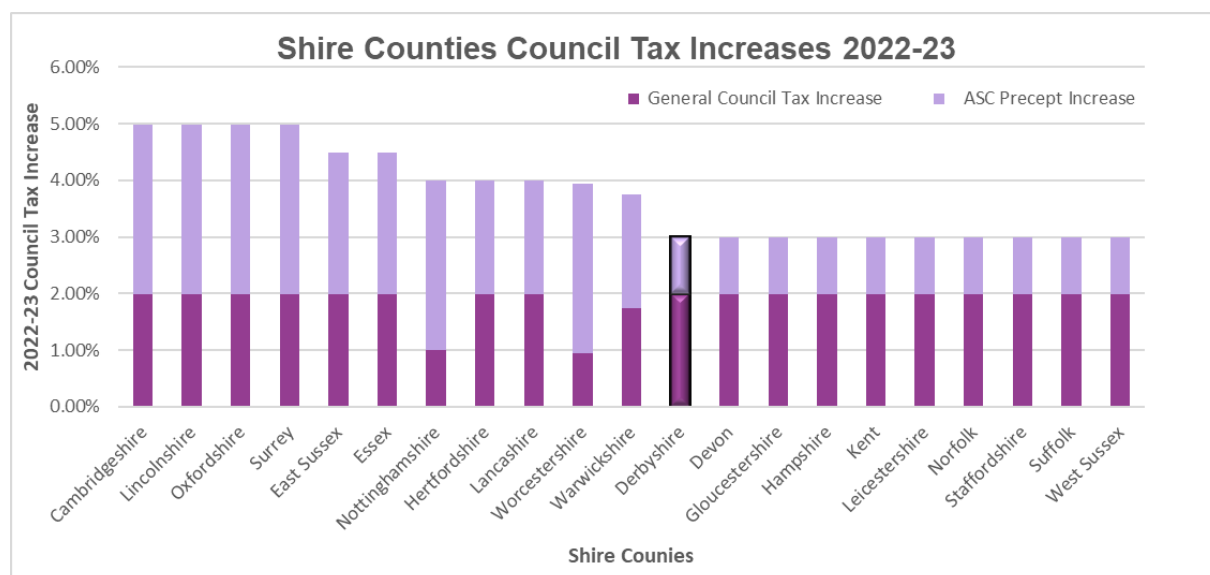
Council Tax Increase

4.5.11 The graph below illustrates the Council's Council Tax increases over the last 20+ years:

Chart 1: Council's Council Tax Increases Since 1997-98

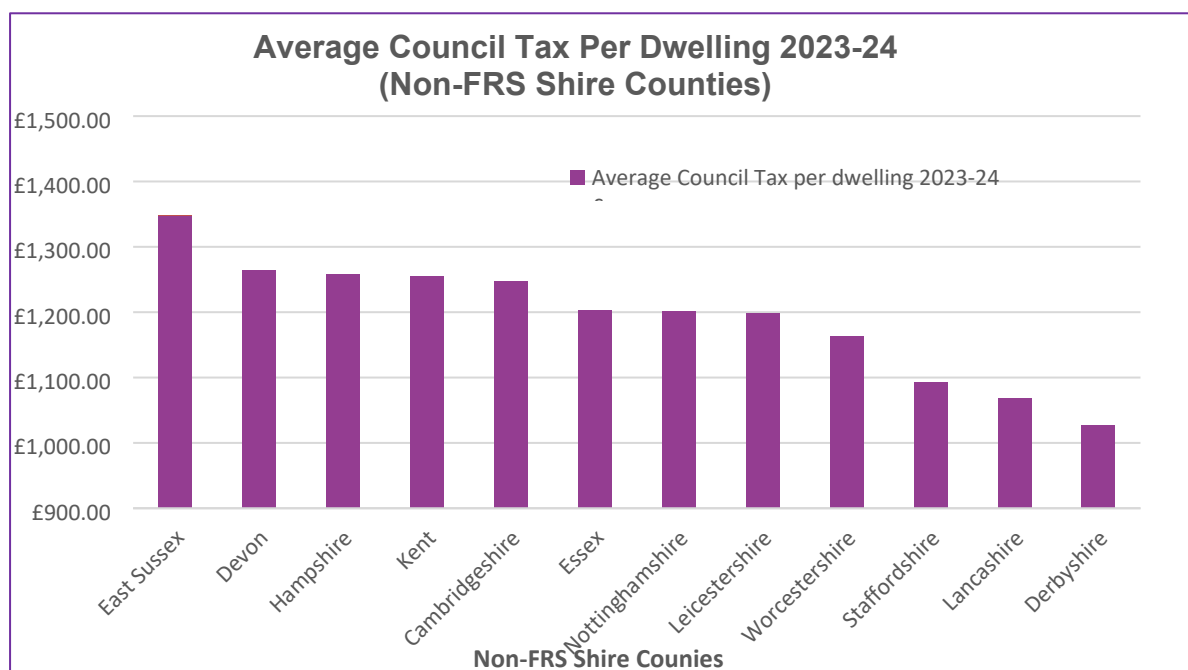
4.5.12 Since 2016-17 there has been the ability to raise an additional amount of Council Tax specifically to additionally fund adult social care spending, known as the Adult Social Care precept (ASC precept). The table above highlights how the Council has used this flexibility in recent years.

4.5.13 The average shire county council Council Tax increase in 2023-24, including ASC precept, was 4.61%, whilst in 2022-23 it was 3.65%, so the Council has set increases in these two years of 0.86 percentage points and 0.65 percentage points less than the average, respectively. The charts below set out 2023-24 and 2022-23 total Council Tax increases and the general Council Tax/ASC precept increase split for shire county councils over those two years.

Chart 2: Shire Counties Council Tax Increases 2023-24**Chart 3: Shire Counties Council Tax Increases 2022-23**

4.5.14 The Council's Band D Council Tax level is in the lowest quartile for shire counties. This is a measure which does not reflect the actual spread of housing in an area into the various bands. As Derbyshire is less affluent than many county areas it has around 80% of properties in Bands A, B and C and the average property is in Band B. This results in the mean average Council Tax paid per household in Derbyshire being the lowest amongst the shire county councils who provide the same services as the Council (non-Fire and Rescue Service (FRS) authorities), as indicated in the chart below for 2023-24.

**Chart 4: Shire Counties (Non-Fire and Rescue Service Authorities)
Average Council Tax Per Dwelling 2023-24**



4.5.15 Local authorities have urged Government to provide additional funding to support vital services, particularly Children's Social Care and Adult Social Care. Additional resources have been allocated to the Council as part of the Government's response. The additional social care funding announced in SR 2019, with further increases in SR 2020 and SR 2021, and significant increases in the Autumn Statement 2022 and 2023, with the continuation of payment of Revenue Support Grant, have helped to keep general Council Tax low whilst helping to fund the rising costs for social care and other vital front-line services. However, it is clear that Government has a clear and definite expectation that part of the additional pressures in adult care will be funded by levying additional ASC Precept. Of 153 authorities with adult social care responsibilities, 151 utilised some, or all, of their ASC precept flexibility for 2023-24.

4.5.16 However, pressures across both Children's and Adult Social Care continue to far outstrip the additional grants offered by the Government. Furthermore, these costs are likely to increase significantly in later years.

4.5.17 The Council's preference is for Government to recognise costs associated with social care through the re-distribution of national taxation. However, the clear expectation from Government is that local taxation is also part of the solution. Local authorities have little choice other than to increase Council Tax by the maximum amount to generate additional funding to pay for services. Therefore, it is recommended that the Council accepts the need to levy the ASC Precept at 2.00% and also to increase basic Council Tax by 2.99% for 2024-25, a total increase of 4.99% in recognition of Adult Social Care pressures and the substantial increase in general budget pressures the Council is experiencing.

This recommendation means that the Council's options of levying a maximum 2% ASC Precept and a maximum basic Council Tax increase of 3%, permitted by the 2024-25 Referendum Principles, have been fully exercised.

4.5.18 The Council is facing substantial financial pressures, including pay and price increases as set out in Section 4.7 of the report. There are also substantial demands on the Council's services, in particular, social care.

In meeting Council Plan priorities, it is important that the Council invests in its services to ensure that it continues to deliver essential services for Derbyshire communities. Details of the financial cost pressures faced by the Council are set out in Section 4.8, with further detail provided at Appendix Five. Additional funding from Government has been provided to support rising costs, however, it is not sufficient to meet the full cost of the service pressures identified. Increasing Council Tax by 4.99% will raise around an additional £19.502m in Council Tax income in 2024-25 and future years to support the Council's vital services.

4.5.19 The Council will always attempt to keep Council Tax rises as low as possible. However, pressures will continue to emerge over the medium term, in particular additional costs around pay, and inflationary pressures, were largely absent over the last ten years or so prior to 2022-23. The need to manage these, and other pressures, will be challenging and as a result future Council Tax increases cannot be easily forecast with a high degree of certainty, and it is possible that predictions expressed in the initial medium term financial plan (FYFP) update contained within this report will prove inadequate and may need to be revised upwards.

4.6 Price Increases

- 4.6.1 Annual UK headline CPI inflation reduced during 2023. From its very high 2023 peak of 10.4% in February 2023, CPI inflation either stayed the same or decreased each month through to November 2023, the latest month for which data is currently available, by which time it had fallen to 3.9%.

Departmental Budgets - £27.869m Inflation Ongoing Price Pressures

- 4.6.2 Recognising that prices have risen significantly and continue to rise, there will be a direct increase to Departmental budgets of £27.869m to support Departments with the specific ongoing inflationary pressures as set out in Appendix Five and summarised in the table below.

Table 6: 2024-25 Departmental Inflation Ongoing Price Pressures

	Departmental Ongoing Price Pressures £m
Contract Fees Paid to Care Providers (PVI) Increases	13.174
Due to the increase in the National Living Wage (NLW) each year, there has to be a significant increase in the contract fees the Council pays to care providers, to acknowledge the additional cost pressures on the providers. For 2024-25, the NLW will increase by 9.8%, from £10.42 to £11.44, for those aged 21 and over. The £13.174m is the amount being funded through a pressure allocation.	
Other Inflation	14.695
This is additional funding set aside to support Departments with ongoing inflationary pressures as set out in Appendix Five.	
	<hr/> 27.869 <hr/>

4.7 Corporate Budgets

Corporate Contingency Budgets – Pay Award - £16.611m Inflation Ongoing Pressure

- 4.7.1 The Council maintains a Contingency Budget which is used to help manage pay and any price increases over which there is more uncertainty. The overall Contingency Budget includes an amount for the pay award of £16.611m, detailed in paragraphs 4.7.4 to 4.7.7 below. This is the amount that it is forecast to cost the Council's Revenue Budget. Other areas that are funded through specific grants, for example, the Dedicated Schools Grant (DSG) will also be impacted by the pay award.
- 4.7.2 The 2023-24 pay award was agreed after the 2023-24 Revenue Budget was approved.
- 4.7.3 The 2023-24 pay award for Local Government Service Employees was agreed on 1 November 2023. The pay award comprised a flat increase of £1,925 on all pay points covered by the Council's Pay Grades up to and including Grade 13, an increase of 3.88% on all pay points covered by Grades 14 to 16 and an increase of 3.50% on all pay points covered by Grades 17 to 21. The 2023-24 pay award cost to the Council of £15.990m was higher than originally estimated, resulting in a further ongoing base budget pressure of £5.534m.
- 4.7.4 The shortfall in base budget because of the 2023-24 pay award has been addressed by removing the deficit (negative) balance on the Risk Management Budget that was created by allocating base budget to departments in 2023-24.
- 4.7.5 The Autumn Statement announced that the National Living Wage (NLW) would increase by 9.8% for 2024-25, from £10.42 to £11.44 an hour, for those aged 21 and over (was aged 23 and over prior to 1 April 2024). As the 2024 NLW rate achieved the Government's policy for it to reach two-thirds of median incomes by 2024, the Government issued the Low Pay Commission (LPC) with a remit asking for evidence to inform future minimum wage policy, beyond 2024. The LPC was due to provide a report in response to this remit to the Prime Minister and the Secretary of State for Business and Trade by the end of December 2023.

The last Council FYFP assumed a general pay award of 2% for 2024-25. The unions have yet to submit a 2024-25 pay claim to the national employers, which means that local authority negotiations have yet to commence. Given current high, albeit reducing, inflation rates and the level of the 2023-24 pay award, a pay offer of 2% is unlikely for the next financial year. Therefore, a flat increase of £1,925 in 2024-25 on all pay points up to and including Grade 13, a 3.85% increase for all pay points covered by Grades 14 to 16, and a 3.5% increase for all pay points covered by Grades 17 to 21, has been assumed. This equates to an additional forecast cost of £14.396m for 2024-25 basic pay award salary increases, which is 6.3% of October 2023 payroll, excluding separately funded areas outside of the Council's Revenue Budget, such as those funded by the DSG.

- 4.7.6 In addition to the 2024-25 basic pay salary increases contingency of £14.396m in paragraph 4.6.6, the 2024-25 pay award contingency total of £16.611m includes other pay-related elements as set out in the table below:

Table 7: 2024-25 Corporate Contingency Pay Award Pressure

	Corporate Contingency Pay Award Pressure £m
2024-25 Basic pay salary increases	14.396
2024-25 Additional hours	0.309
2024-25 Relief hours	0.450
2024-25 Pay based allowances	0.699
2024-25 Fixed based allowances	0.130
2024-25 Increases for social worker growth, Soulbury Pay Scale workers, Coroners and Members' Allowances	0.364
2022-23 and 2023-24 Soulbury Pay Scale workers and Members' Allowances (not yet finalised)	0.263
	<u>16.611</u>

- 4.7.7 The additional total forecast cost of 2024-25 pay award will be held in the Council's contingency budget, until such time that a final agreement has been made, when the budget will be allocated to departments. If the pay award is agreed at a level above this, the additional cost will have to be found from within existing budgets or managed using reserves in 2024-25.

External Debt Charges and Minimum Revenue Provision - £49.723m

- 4.7.8 This represents the interest payable on the Council's outstanding debt. The Council has paid off a number of loans in recent years, which were used to support the Council's Capital Programme, and has not undertaken further borrowing. In 2018-19 this provided the opportunity to reduce the ongoing budget by £8.500m, to reflect the overall reduction in interest charges, with a further net reduction of £0.500m by 2021-22. The debt charges budget was then increased by £2.925m in 2022-23.
- 4.7.9 The Minimum Revenue Provision (MRP), is a prudent amount of revenue set aside to contribute towards capital expenditure which has been financed by borrowing or credit arrangements. The Council updated its MRP Policy in 2016-17, in a report to Cabinet on 22 November 2016, when it was concluded that future savings could be achieved without compromising the future prudent provision made by the Council.
- 4.7.10 The Council will continue to review its MRP Policy annually, to ensure in future years that adequate and prudent provision is still being made.
- 4.7.11 Given the significant cuts to public expenditure, and in particular to local government funding compared to service pressures, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates much lower than long-term rates in recent years, it has been more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Council has been able to reduce net borrowing costs and reduce overall treasury risk.
- 4.7.12 Using available cash for capital schemes is known as 'internal borrowing'. Whilst ever internal borrowing is possible, the benefits of continuing to do so will continue to be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to continue to rise.

- 4.7.13 The Council will monitor this 'cost of carry' and breakeven analysis. However, there is the likelihood that cash reserves will run low in the next twelve months and the Council will have to consider additional borrowing. Borrowing at current long-term fixed rates could cause additional cost in the long-term as interest rates are currently forecast to continue to fall along with inflation.
- 4.7.14 The Council may borrow short-term to cover cash flow shortages where it is advantageous to do so.
- 4.7.15 The Council's debt charges budget is currently forecast to be overspent by £9.928m in 2023-24, of which £6.1m relates to interest payable on short-term loans and £3.8m to the Minimum Revenue Provision (MRP) for the repayment of debt principal as a result of additional borrowing. Forecast interest payable on short-term loans has increased due to rising interest rates and the increased need to borrow to maintain working capital after the payment of the Derby and Derbyshire Waste Treatment Centre legal settlement (£2.3m of interest costs relating to the increased need to borrow because of the legal settlement). MRP has increased as the Council's Capital Financing Requirement (CFR) has risen following the trend of switching capital financing from Revenue Contributions to borrowing in recent years as part of its risk management strategy. An additional £1.423m of MRP is required from 2024-25 in relation to the proposed capitalisation of the Derby and Derbyshire Waste Treatment Centre legal cash settlement of £56.930m, as set out in the Capital Programme Approvals, Treasury Management and Capital Strategies for 2024-25 Report.
- 4.7.16 The Council's 2024-25 budget correspondingly reflects an increase in the budget for external debt charges of £11.268m, to £49.723m.

Risk Management Budget - £nil

- 4.7.17 The Council has maintained a Risk Management Budget for a number of years, the purpose of which is to provide a base budget from which the Council can help manage some of the longer-term risks and pressures, alongside the resources available in the Earmarked Reserve available for budget management and General Reserves.
- 4.7.18 The budget has been fully used in order for the Council to set a balanced budget in 2024-25. Any fluctuations in the 2024-25 budget will need to be managed in year through compensating savings across the Council's budgets.

Interest and Dividend Income - £3.747m

4.7.19 The Bank of England (BoE) increased its official Bank Rate to 5.25% in August 2023, before maintaining it at this level at subsequent Monetary Policy Committee (MPC) meetings to the end of the year. The MPC will continue to closely monitor indications of persistent inflationary pressures and resilience in the economy as a whole, including a range of measures of the underlying tightness of labour market conditions, wage growth and services price inflation. Monetary policy will need to be sufficiently restrictive in both quantum and period to return inflation to the 2% target sustainably in the medium term, in line with the Committee's remit. This means that the Bank Rate could remain relatively high for some time to come.

4.7.20 The Council's interest and dividend income is currently forecast to be £13.382m in 2023-24, which would significantly exceed budget. The Council utilises a range of investments to maximise its income on cash balances, with due consideration to the risk associated with those investments. As interest rates have risen, forecast income from short-term lending has increased, but this is offset by an increase in the interest the Council is expected to pay to meet its temporary borrowing needs.

4.7.21 The Council's interest and dividend income budget for 2024-25 assumes that the Council will continue to earn some additional income, by utilising a range of risk assessed investment vehicles to increase its income from external investments, where cashflow balances permit. However, as a result of the Council using its cash balances for 'internal borrowing' (paragraph 4.7.12) and also using its cash-backed available reserves to support the Revenue Budget in recent years, the Council has a decreasing level of cash on which to earn interest and dividend income and the 2024-25 budget reflects this, with a reduction in the budget for interest and dividend income of £0.916m, to £3.747m.

4.8 Other Non-Inflation Service Pressures

4.8.1 A number of other, non-inflation, service pressures have been identified by Departments. Details of Departmental pressures identified for 2024-25 are shown at Appendix Five. Service Pressures originally identified by Departments have been reduced to the position shown, following extensive senior cross-departmental review and challenge.

4.8.2 Ongoing Departmental non-inflation service pressures of £6.391m will be allocated to Departmental base budgets.

- 4.8.3 Overall Ongoing Service Pressures of £12.503m include the above Departmental Services Pressures of £6.391m, plus reimbursement of the brought forward negative balance on the Corporate Risk Management Budget of £6.112m, all referred to in Section 4.7 above.
- 4.8.4 One-off support of £7.287m will be allocated from reserves for one-off Departmental Service Pressures, with a further £10.000m held in contingency for Children's Social Care costs in 2024-25. Details of this one-off support are set out in Appendix Five, along with stipulations for the request and approval of the contingency funding.

4.9 Undeliverable Prior Year Savings Proposals - £13.544m Ongoing Funding Change

- 4.9.1 Recognising that there are some ongoing savings proposals which Departments have been allocated in prior year budgets, which they have been unable to achieve, there will be a direct increase to ongoing Departmental budgets of £13.544m. This is represented as an ongoing Departmental funding change in the Revenue Budget 2024-25 at Appendix Two. Table 8 below summarises the increases to ongoing Departmental budgets for these undeliverable prior year savings proposals.

Table 8: 2024-25 Increase to Ongoing Departmental Budgets for Undeliverable Prior Year Savings Proposals

	Undeliverable Prior Year Savings £m
Adult Social Care and Health	4.034
Children's Services	0.000
Place	7.306
Corporate Services and Transformation	2.204
Total	13.544

- 4.9.2 This adjustment to ongoing Departmental budgets for prior year unachieved savings is an exceptional response to acknowledge that it had not been possible for Departments to achieve certain allocated prior year savings targets. Section 4.10 sets out that, going forward, Departments must fulfill their obligations each year to deliver on the level of savings allocated to them and must provide and deliver on alternative savings proposals in the same year if those listed at Appendix Six subsequently prove to be undeliverable.

4.10 Budget Savings Targets

- 4.10.1 Target ongoing savings by the end of 2028-29 are estimated to be £66.612m. Significant budget preparation work has taken place in 2023. The Council has reviewed all of its savings initiatives and has developed a programme of savings proposals to address the estimated funding gap over the medium term. This has helped in identifying substantial additional savings proposals. In headline terms the Council has now identified measures which should help achieve the budget gap over the period of the FYFP. This is an improved relative position than was reported in the Revenue Budget Report 2023-24, when measures had been identified to meet 81% of the budget gap. This improved position has resulted from an increase in identified annual budget savings across the period of the FYFP and from planned service pressure mitigations. However, to maintain the financial standing of the Council it is vital that these savings proposals, if approved, are delivered. If the savings proposals are not approved and delivered, alternative savings will be required in 2024-25 and future years.
- 4.10.2 There is also uncertainty around the variables used as part of the budget-setting process for 2024-25. Planning has been based on what is known at this time. Without a multi-year Settlement the medium to longer-term outlook remains unclear. All local authorities in the UK are faced with another period of substantial uncertainty. The Government's Local Government Department Expenditure Limit (DEL) is unprotected. The Autumn Statement signalled that the DEL for unprotected budgets in the next Spending Review period is expected to fall by between 2.3% and 4.1% in real terms, which suggests real-terms reductions in funding from 2025-26. Without knowing what the individual funding allocations are likely to be beyond 2024-25, there is uncertainty as to what this means for the need for further austerity measures from 2025-26. In developing the FYFP and estimating the funding gap and required savings, the Council has assumed that there is no significant change to its Government funding from 2025-26 across the period of the Five Year Financial Plan.

- 4.10.3 Details of identified departmental budget savings proposals, totalling £68.640m from 2024-25 to 2028-29, are shown at Appendix Six. This includes £60.510m of savings proposals reported to Cabinet on 11 January 2024 in the Budget Savings Proposals 2024-25 to 2028-29 Report and a 3% payroll vacancy factor, also referred to in that report, of £8.130m. Of these proposed savings, £66.455m are ongoing savings and £2.185m are one-off savings. The impact of the one-off savings is to reduce annual savings available over the period of the FYFP to £66.612m, as shown in the FYFP at Appendix Seven.
- 4.10.4 Significant consultation and planning timeframes are required to achieve many of these savings. Delays in agreeing proposals could result in overspends by departments, which would then deplete the level of General Reserve held by the Council, decreasing its ability to meet short term, unforeseeable expenditure. As detailed already, the Council cannot afford to be in this position and compensating savings will be required to be found if the proposed savings are not delivered.
- 4.10.5 In many cases the proposals will be subject to consultation and equality analysis processes. Including potential cost savings in this report no assumptions have been made as to the outcome of those consultations or the outcome of final decisions which have yet to be made. With regard to the savings proposals which have not yet been considered by Cabinet for approval to consult, the necessary consultation exercises will be undertaken, and any equality implications will be assessed before final decisions are made. Throughout the process it will be essential to ensure that the Council continues to meet its statutory and contractual obligations.
- 4.10.6 Table 9 below summarises the savings originally identified in last year's Revenue Budget Report for 2024-25, changes made since then to arrive at the revised savings identified by department for 2024-25, and the level of achievement of 2024-25 savings for each department planned for 2024-25.

Table 9: 2024-25 Budget Savings By Department

	Original* 2024-25 Savings Total Identified £m	Changes £m	Revised 2024-25 Savings Total Identified £m	2024-25 Savings Planned in 2024-25 Ongoing £m	2024-25 Savings Planned in 2024-25 One-Off £m
Adult Social Care and Health Children's Services Place	11.435	7.589	19.024	18.212	0.812
Corporate Services and Transformation	0.000	12.528	12.528	12.447	0.081
Place	2.870	-0.155	2.715	2.670	0.045
Corporate Services and Transformation	1.652	4.149	5.801	5.211	0.590
Total	15.957	24.111	40.068	38.540	1.528

*New 2024-25 savings in last year's Revenue Budget Report.

4.10.7 Over the course of the FYFP, where departmental ongoing savings required to meet the budget gap are subsequently determined to be unachievable, or are determined to be unachievable up to the full extent of the departmental allocation each year, mitigations and alternative savings delivery must be brought forward by that Department in that same year, to ensure that each Department fulfills its commitment and obligation to deliver savings to the values and profile set out at Appendix Six over the course of the FYFP.

4.11 Statutory Requirements of the Local Government Act 2003

4.11.1 There is a duty placed on the Director of Finance & ICT, as the Council's statutory Chief Financial Officer (Section 151 Officer), to report on certain matters to Council when it is making its statutory calculations required to determine its precept. The Council is required to take the report into account when making the calculations. The report must deal with:

- The robustness of the estimates included in the budget.
- The adequacy of reserves for which the budget provides (guidance on local authority accounting suggests this should include both the General Reserve and Earmarked Reserves).

4.11.2 Good practice requires the Council to consider the professional advice of the Chief Finance Officer on these two matters. This report has been drafted with all of these requirements in mind and this section in particular deals with these matters and their connection with matters of risk and uncertainty for the Council.

Governance in Setting the Budget

Estimation Processes

4.11.3 There has been no change to the fundamental methods used in the preparation of the budget, this has ensured that many professional officers from a range of different disciplines are involved in a process which takes into account and evaluates all known facts.

There continues to be great emphasis on assessing and evaluating all known changes, including pay and price levels, statutory changes and demands for service. None of these matters are omitted from advice to Members. The process is underpinned by the Council's integrated Risk Management Strategy, service improvement and Improvement and Scrutiny deliberations. In particular, emphasis is placed on the ability to maintain and develop services through a five year forward financial planning process linked to agreed Council Plan and Service Plan objectives.

Role of Audit Committee

4.11.4 The Council's Audit Committee receives regular reports detailing the strategic risks facing the Council, along with mitigation in place to ensure they are manageable. This provides a significant overview of the Council's potential liabilities and is supported by a rigorous set of processes across the organisation. Audit Committee also receives regular reports regarding the procedures and practices in place to ensure that the Council's budget and performance are closely monitored.

Financial Management Code

- 4.11.5 CIPFA has designed a Financial Management Code (FM Code) to support good and sustainable financial management, giving assurance that authorities are managing resources effectively. The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management. Complying with the standards set out in the FM Code is the collective responsibility of the Council's elected members, the S151 Officer and their professional colleagues in the Leadership Team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.
- 4.11.6 The Council considers that it has strong levels of compliance, and that this has been further strengthened by action taken to address the areas where further work has previously been identified as being required.
- 4.11.7 In support of assessing compliance with the FM Code, it is worth noting that the Council's financial practices and processes are regularly reviewed as part of the Council's Internal Audit Plan. The majority of recent audits of the Council's accountancy and budgetary arrangements, accounts payable and accounts receivable functions have received a substantial assurance opinion, underpinning robust financial procedures that are embedded across the Council.

Autumn Statement 2023

- 4.11.8 The Government's commitment to support additional social care funding is acknowledged. However, it is not enough to meet the rising cost pressures experienced by the Council to date and over the medium-term. This report and the response to the Provisional Settlement demonstrate the exceptional demand led pressures experienced by local authorities in recent years. Disparities in the current funding regime need to be addressed so that there is a mechanism which addresses the funding disparity for social care across the country.

4.11.9 There is uncertainty around the variables used as part of the budget-setting process for 2024-25. However, planning has been based on what is known at this time. Without a multi-year Settlement the medium to longer-term outlook remains unclear. All local authorities in the UK are faced with another period of substantial uncertainty. The Government's Local Government Department Expenditure Limit (DEL) is unprotected. The Autumn Statement signalled that the DEL for unprotected budgets in the next Spending Review period is expected to fall by between 2.3% and 4.1% in real terms, which suggests real-terms reductions in funding from 2025-26. Without knowing what the individual funding allocations are likely to be beyond 2024-25 there is uncertainty as to what this means for the need for further austerity measures from 2025-26. The Council has assumed that there is no significant change to its Government funding from 2025-26 across the period of the Five Year Financial Plan.

4.11.10 The Council has had sound financial management arrangements in place for a number of years, supported by a healthy, risk assessed five-year financial planning programme. It is because of these arrangements that the Council has been able to set balanced budgets year-on-year in the past and will be able to do so again for 2024-25.

This does not mean that the setting of the 2024-25 revenue budget comes without significant risks which need to be properly identified and understood.

The OBR's 'Economic and Fiscal Outlook' published alongside the Autumn Statement highlighted that inflation was expected to fall to 2% by 2025 but the OBR now expects inflation to fall more gradually over the next few years, meaning inflationary pressures may remain during 2024 and will not fall as quickly as hoped.

This brings its own challenges in terms of the estimates and assumptions used in setting the budget for 2024-25. The Council will continue to closely monitor its budgets as the 2024-25 financial year progresses. There will be close scrutiny of the budget allocated to departments to support inflationary and demand pressures. Where the costs are not as high as estimated, the budget will be clawed back from departments to help support and maintain a balanced budget.

Pressures

4.11.11 There is a significant commitment in the Council's 2024-25 revenue budget to provide an additional £34.260m of ongoing funding and £7.287m to further support the Council's Departmental service pressures, with £10.000m held in contingency for Children's Services which requires specific approval before any drawdown, as set out in Appendix Five. Departmental service pressures of £51.547m are as set out in Table 10 below:

Table 10: 2024-25 Departmental Service Pressures

	Departmental Service Pressures £m
Ongoing Departmental price inflation pressures allocated directly to Departments	27.869
Ongoing Departmental pressures allocated directly to Departments	6.391
Base Budget - Ongoing Funding	34.260
One-off Departmental pressures allocated directly to Departments	7.287
One-off Departmental pressure held in Contingency and requiring approval before any drawdown	10.000
Use of Reserves – One-Off Funding	17.287
	51.547

4.11.12 This 2024-25 commitment includes approximately £14m of ongoing budget growth for the Adult Social Care and Health budget. There are particular pressures around hospital discharge from the National Health Service (NHS), with an increase in demand, and because there is an insufficient supply of home care and reablement services, this has driven increased placements into residential homes rather than into care at home.

4.11.13 The Children's Services budget has been under significant financial pressure for several years, despite additional ongoing budget increases and one-off funding, particularly aimed at meeting increases in the costs associated with rising numbers of looked after children. The 2024-25 commitment approximately includes further ongoing budget funding of £5m for children's social care and £1.5m for home to school transport, with additional one-off funding of £10m for children's social care held in contingency, which requires specific approval before any drawdown, as set out in Appendix Five. However, the fact remains that demand for services are still rising, and predictive models currently used indicate a high degree of volatility in demand led areas.. If demand for services in 2024-25 results in services overspending compensating savings will be required to found to maintain the financial standing of the local authority.

4.11.14 If current trends continue and the Government fails to provide adequate further funding to support these services, there will be further pressure on budgets in 2025-26 and in later years.

Reserves

4.11.15 An important link to the adequacy of reserves is the cash limit policy adopted some years ago. The approved Budget is expressed as cash limit for each Department. These should not be exceeded and where services have what are called "demand-led" issues, these are to be resolved in-year within Departmental cash limits. Budgets will continue to be subject to regular monitoring and reporting to both budget holders and Members.

4.11.16 The Council has in place a Reserves Policy which sets out the framework within which decisions will be made regarding the level of reserves. In line with this framework the balance and level of reserves are regularly monitored to ensure they reflect a level adequate to manage the risks of the Council. This covers both the General Reserve and Earmarked Reserves. Details of the latest review are included in a separate report for consideration at this meeting.

4.11.17 As at 31 December 2023, the balance on the General Reserve is £28m. The level of the General Reserve is forecast to be around £25m over the period of the FYFP. In the Audit Commission's 'Striking a Balance' report published in 2012, the majority of Chief Finance Officers at the national level regarded an amount of between three and five per cent of councils' net spending as a prudent level for risk-based reserves. Over the medium term the Council's forecast figure is between 3.2% and 3.5%.

- 4.11.18 Taking account of demand-led pressures, the Council's forecast unmitigated 2023-24 overspend will be met from the Earmarked Reserves releases set out in the separate report for consideration at this meeting. Any balance in excess of the Earmarked Reserves releases set out in that report will be met from the reserve used for revenue budget management referred to in paragraph 4.11.27.
- 4.11.19 This means that there is no planned call on the Council's General Reserve to meet 2023-24 revenue budget overspends as currently forecast. However, any overspends in services over and above those currently projected would see the General Reserve balance fall below £25m, once the reserves available for budget management have been depleted. It is recognised that the forecast General Reserve balance over the medium term is significantly lower than would be preferred. If funding allows, restorative measures will be utilised over the period of the FYFP and beyond to build back up the balance of the General Reserve.
- 4.11.20 The Council's FYFP has identified the need for significant savings in the medium term. The achievement of these savings is critical in ensuring that the Council balances its budget.
- 4.11.21 Progress against the budget savings targets will be closely monitored, however, lead-in times for consultation activity and increased demand on services, such as adult care and children in care demographics, mean that there is a continued risk of not achieving a balanced budget. Indeed, certain budget savings that were identified in the last and earlier medium-term plans have since proved to be unachievable and others have been found to substitute for them, or in the case of the remaining £13.544m of undeliverable savings, will be added back to ongoing Departmental budgets.
- 4.11.22 No further increase to Departmental budgets will be considered for any savings set out in Appendix Six which later prove to be undeliverable. If necessary, Departments will be responsible for bringing forward and achieving alternative savings in-year up to their allocated level. Any implementation delays can no longer be funded from the General Reserves. Executive Directors have been made aware of the need to bring forward alternative savings, to at least an equal value, should this scenario occur.
- 4.11.23 In summary, whilst the Council maintains an adequate level of General Reserve, further in-year budget overspends and failure to achieve the level of budget savings required in order to balance the budget would see the balance of the General Reserve substantially depleted and lead to issues around financial sustainability that would require urgent, radical savings rather than the planned process that minimises the impacts of reductions as far as possible.

4.11.24 The Council has a Budget Management Earmarked Reserve, which has been used in the past to supplement the use of the General Reserve, to manage, where appropriate, any delayed savings to services, as detailed earlier in this report. The Council's Performance Monitoring and Revenue Outturn 2022-23 Report allocated, from the release of earmarked reserves and underspends, £15.924m to the Budget Management Earmarked Reserve. In the 2023-24 Settlement there was encouragement for local authorities to consider how they can use their reserves to maintain services in the face of immediate inflationary pressures, taking account of the need to maintain appropriate levels of reserves to support councils' financial sustainability and future investment. This acknowledged that local authority reserves levels have increased in recent years. In line with this, the Council's Budget Management Earmarked Reserve is forecast to be depleted in 2024-25, through partly funding the one-off pressures in the 2024-25 Revenue Budget. Measures will need to be considered to replenish this Budget Management Earmarked Reserve, if possible.

4.11.25 The Council made the strategic decision to fund its capital expenditure since 2018-19 from additional borrowing, rather than its revenue budget. These revenue contributions are held in an Earmarked Reserve (the Revenue Contributions to Capital Expenditure (RCCO) Earmarked Reserve), which is being held to supplement the use of the General Reserve and support the management of revenue budgets over the medium term. The Revenue Budget Report since 2020-21 has approved the use of one-off support for the revenue budget from this Earmarked Reserve and it proposed that there is further one-off support for the revenue budget in 2024-25. It is anticipated that this RCCO Earmarked Reserve will be used to fund the remainder of the Council's one-off revenue budget pressures following depletion of the Budget Management Earmarked Reserve in 2024-25, in addition to its anticipated use to meet any unmitigated 2023-24 overspend not covered by Earmarked Reserve releases, as referred to in paragraph 4.11.20. Based on the currently forecast unmitigated overspend for 2023-24 and the level of one-off support required for the revenue budget for 2024-25, there is a sufficient balance on this RCCO Earmarked Reserve to enable this. Further contributions to this RCCO Earmarked Reserve, in the region of £6m, should be possible in 2023-24, with a possible further £2.5m in 2024-25.

4.11.26 Earmarked Reserves are required for specific purposes and are a means of smoothing out the costs associated with meeting known or predicted liabilities. These reserves have no specific limit set on them, but they should be reasonable for the purpose held and it must be agreed that they are used for the item for which they have been set aside.

4.11.27 The external auditor makes a judgement on the financial stability of the Council each year when the accounts are audited. The judgement continues to be positive subject to the continuing achievement of budget savings and the maintenance of a robust, risk assessed level of reserves.

Medium Term Planning

4.11.28 Undoubtedly the Council has managed the achievement of a balanced budget in a robust and planned manner over the period of downturn in general Government support for local authority spending since 2010 (albeit with increased funding support beginning to be received in recent years).

4.11.29 Given significant uncertainty regarding the duration of higher inflation rates, the extent of future service pressures and how successful the mitigation work that is underway will be, and local government devolution, together with the wide range of risks outlined below, it is vital that in setting the budget for 2024-25, consideration is also given to the financial years beyond it and the longer-term financial sustainability of the Council.

4.11.30 If the Council is to achieve its Council Plan vision, it needs services to be delivered on a stable financial footing. Setting a balanced budget in each year of the FYFP requires substantial savings to be achieved by Departments.

4.11.31 Over recent years the Government has expected councils to rely more and more on Council Tax and localised Business Rates to fund services. However, core spending power for local authorities is estimated to increase by an average of 6.5% in real terms in 2024-25, which will help local authorities deal with inflationary and other cost pressures, with an 7.2% increase for the Council. It should be noted that this increase is based on the assumption that social care authorities will increase their Council Tax bills by the maximum 4.99% allowed without holding a referendum, which is a decision made at a local level. This report recommends that the Council accepts the need to levy a total increase of 4.99% (an ASC Precept increase of 1.99% and a basic Council Tax increase of 3.00%), which is the maximum 4.99% allowed and therefore the Council's increase in core spending power is 7.2%.

4.11.32 The additional social care and other grant funding announced in the Autumn Budget 2023 is acknowledged and helps to partly support the pressures on the Council's vital services, however, underlying and existing pressures remain, presenting significant challenges in setting budgets and trying to protect services. All services will have to find substantial further savings to already stretched budgets.

4.11.33 There has been over a decade of reduced funding for local government. The Council has made well over £300m of savings during this period and whilst remaining committed to delivering value for money services, the ambition of the Council requires a significant period of transition to deliver the Strategic Approach as outlined in the Council Plan. There has to be a recognition that in some cases the Council may not be able to continue some services to the level it would like within the current funding envelope meaning some difficult decisions will be necessary.

4.11.34 Council Tax rises on households, many of which will be struggling as they cope with the impacts of the cost of living crisis, is a difficult decision. However, it is the single most effective way of providing base budget to support the delivery of services and maintain financial sustainability over the longer term. In the early days of the pandemic billing authorities anticipated that many households would struggle to pay Council Tax bills and there was an expectation that direct debit cancellations would be abundant. This did not transpire. However, although collection rates were back to around the level they were pre-pandemic, it is now estimated that they will further reduce following a period of very high inflation. Estimated Council Tax collection fund positions for each billing authority are set out at Appendix Four.

4.12 Five Year Financial Plan

4.12.1 The Council's FYFP is reviewed and updated annually and reflects an assessment of the Council's spending plans in the current and next four financial years. It includes the ongoing implications of approved budgets, service levels, costs of the capital programme and costs of servicing its debts and returns from its investments. The Council's FYFP for the period 2023-24 to 2027-28 was reported to Council as part of the Revenue Budget Report in February 2023. The FYFP has been updated for the period 2024-25 to 2028-29 to inform the annual budget setting process. A copy of the FYFP is shown at Appendix Seven.

4.12.2 Members need to give consideration to a number of risks regarding the assumptions made in developing the FYFP, these being:

Risks and Uncertainties

- **Achievement of Savings** – there is a reliance on the achievement of a programme of budget savings. As commented on throughout this report if the planned savings are not delivered alternative savings will need to be delivered.

- **Service Pressures** – there is a commitment to support budget growth where necessary, and in particular within adult's and children's social care. However, if current trends continue regarding placements and NHS discharges, and there is inadequate funding to support this, there will be further pressures on budgets in later years. Analysis is underway to consider how to mitigate these demand pressures, which has the potential to help control some of these financial pressures, but they are unlikely to be effective in the short-term. Demographic growth continues to affect Adult Social Care costs. Predictions show that the Council will experience further annual growth, with significant additional annual costs estimated over the period of the FYFP. Demand for services will be required to be managed to protect the financial standing of the Council.
- **Pay** – the FYFP for 2024-25 assumes a £1,925 flat increase in 2024-25, fixed at 3.85% for Grades 14 to 16 and fixed at 3.5% for Grade 17 and above. This is equal to an average 6.3% increase on the Council's pay budget overall. The increase in 2025-26 is assumed to be 5% and from 2026-27 onwards increases are assumed to be 2%, based on the current expectation that inflation may have peaked and will have begun to reduce by then.

The Council has requested that Government gives support to local authorities in the 2024-25 Settlement to address the serious issue of substantial and increasing pay award pressures. The Council has no choice but to fund nationally agreed pay awards. It is estimated that the pay award will cost the Council £17m in 2024-25. This is a significant cost and the Council will have little choice other than to introduce savings measures which will impact on service delivery to pay for the pay award.

- **Economic Climate** – Annual UK headline CPI inflation reduced during 2023. From its very high 2023 peak of 10.4% in February 2023, CPI inflation either stayed the same or decreased each month through to November 2023, the latest month for which data is currently available, by which time it had fallen to 3.9%. However, inflation remains relatively high and means there is the potential for reductions in the Council's income for discretionary services.

- **Spending Reviews** – The Provisional Settlement provides provisional allocations for one year. It is disappointing that the Provisional Settlement has failed to announce a multi-year settlement, as it constricts the flexibility of local authorities to balance budgets across the medium term. The local government sector has implored Government for a multi-year settlement. 2024-25 will be the sixth continuous single-year settlement at local authority funding levels. A multi-year settlement provides local authorities with some certainty, supporting medium-term financial and service planning, and financial sustainability. There is also a risk that the Government's investment in the Covid-19 pandemic and in increasing social care funding in recent years may result in further austerity measures in future years, during the period of the FYFP, when savings will be required to repay the debt incurred by Government. However, the FYFP assumes no reduction in the Council's general grant funding.
- **Fair Funding and Business Rates Reviews** – the reviews have been delayed for a number of years and the planned implementation was again postponed. A transparent, fair funding system is required, which reflects need and ability to fund services locally. The Council has requested that Government urgently reviews the local government funding system. This is to ensure that the system reflects the needs of local councils. This includes the significant cost pressures relating to social care which are due to increased demand and increases in cost. The funding system should also reflect the increase in cost across the sector that are a result of inflation and nationally agreed pay awards. The review of the funding system is also needed to ensure that historic resource equalisation flaws in the current funding methodology are addressed. The FYFP is predicated on the basis that mainstream funding continues as it is now.
- **Public Health Grant** – the Council's allocation for 2024-25 has not been published alongside the Provisional Settlement. At some point it is expected that the funding for Public Health will form part of revised funding mechanisms for local authorities following funding reviews.

- **Devolution and the East Midlands Mayoral Combined County Authority**

The Levelling Up White Paper was published in February 2022. The paper sets out how Government will spread opportunity more equally across the UK. Levelling up is a long-term endeavour. It is a programme of change that requires a fundamental shift in how central and local government, the private sector and civil society operate. The Government will embark on a process of sustained and systematic engagement and consultation with a wide range of stakeholders, including devolved administrations, on the White Paper. Further detail on a number of these policy commitments will be set out in future publications. In addition, legislation will be introduced to Parliament to underpin in statute the changes fundamental to levelling up, alongside wider planning measures.

The East Midlands Devolution Deal, which covers Derbyshire, Nottinghamshire, Derby and Nottingham, was signed in August 2022. The Council is one of the constituent councils which will form part of the East Midlands Combined County Authority (EMCCA). The EMCCA is a Level 3 deal with Government, which includes having an elected Mayor. Elections will take place on 2 May 2024. Devolution will result in the East Midlands receiving £1.14 billion more funding over 30 years, to invest in the region. The Levelling Up and Regeneration Bill has now received Royal Assent and all four constituent councils have formally agreed the creation of the EMCCA. However, the creation of the EMCCA is still subject to the passing and coming into force of the Regulations laid in Parliament in December 2023; the EMCCA will be established at a point expected in late February to early March 2024. This should:

- Bring powers to improve transport, adults skills training, housing and the environment, and to encourage the creation of good quality jobs that give people a decent standard of living and a better quality of life.
- Enable more decisions about the East Midlands to be taken in the region. Devolution is a chance for the people who live in the region to have a much greater say over issues that affect them, including by directly electing the first regional mayor.
- Bring more opportunities for the East Midlands. Devolution will provide more tools to help the region recover from the Covid-19 pandemic and ensure that the region is well-placed for further devolution of funding and powers in future.

4.12.3 Further significant risks are illustrated below.

Local Taxation

4.12.4 The following risks have been identified in respect of the Council's locally raised income from taxation, which is the income the Council receives from locally retained Business Rates, Council Tax and fees and charges. These risks must be managed effectively.

- **Current national and local economic conditions** - including inflation levels, economic growth rates, interest rates and unemployment levels, impacting on Business Rates, Council Tax and income from fees and charges.
- **Collection of amounts owed** – collection fund deficits for both Council Tax and Business Rates result and increase when there is a reduction in collection rates and this depends on the effectiveness of local borough and district councils, as well as on economic conditions.
- **Business Rates appeals** – exposure to appeals against rate valuations and avoidance of the tax. Whilst some appeals will go in the favour of local authorities, the uncertainty of the outcome and lack of knowledge about the timing of the decision means that councils are forced to accept a significant, unpredictable financial risk, impacting on the availability of funding for services.
- **Business Rates as taxation** – it is presently not known how Government's confirmation that the Business Rates reset will not be implemented in this Spending Review period but that it 'remains committed to improving the local government finance landscape in the next Parliament' might affect the Business Rates Retention system or future Local Government funding arrangements.
- **Future Council Tax levels** - a long-term consensus on future Council tax levels needs to be agreed as part of a strategy for the Council, within the context of forecast Referendum Principles limits.
- **Trading operations** – these have been pursued by departments for several years as a means of balancing budgets. The Covid-19 pandemic has highlighted the reliance of some services on external income from sales, fees and charges. Whilst the Government's scheme has assisted in meeting some of the shortfall, it has now ended, and adequate charges should reflect risk to provide security when incomes fall. A thorough review of services and charges must be undertaken in order to minimise risk to the rest of the Council's service delivery. This is planned to be undertaken during 2024.

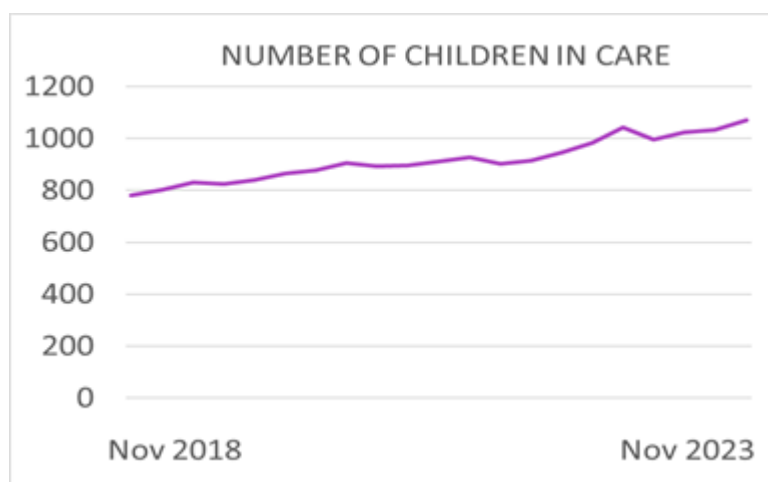
Service Pressures

4.12.5 The Council's significant budget pressures are considered below:

Children's Social Care

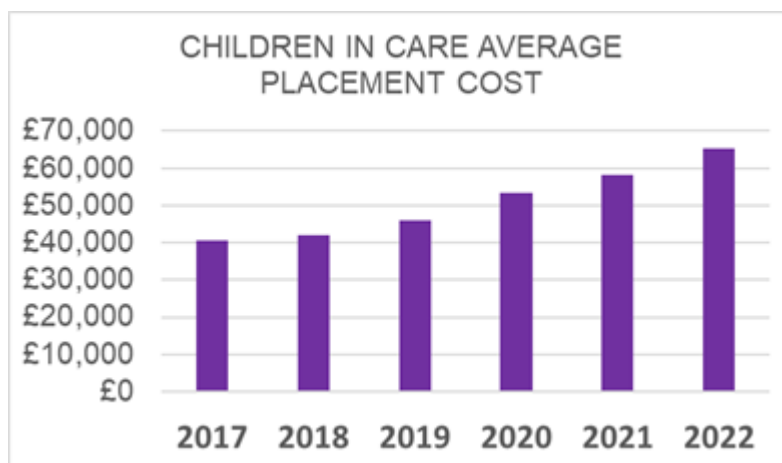
- As an upper tier authority, the Council is responsible for providing children's social care services. These services include child protection and safeguarding, care for looked after children and aftercare, support for vulnerable children and their families.
- Nationally the number of children in care has risen significantly over the past decade creating unprecedented demand pressures on children's services. The national picture is being reflected in Derbyshire.
- As at 30 November 2023 there were 1,070 children in the care of the Council, a 37% increase on the number five years ago, as shown in the chart below.

Chart 5: Council's Number of Children In Care – Last Five Years



- The costs of caring for looked after children have also been rising, as shown in the chart below.

Chart 6: Council's Children In Care Average Placement Cost –Six Years to 2022



- Average placement costs for children in the Council's care have risen 61% over the last five years.
- Residential care is the most expensive form of care. Locally and nationally, the proportion of children in residential care has increased, largely due to councils struggling to source suitable alternatives such as foster care.
- These pressures, exacerbated by the impact of high inflation and cost of living increases on placement costs, are expected to continue to grow for the foreseeable future. The Council, along with many other local authorities in the country, continue to express concern regarding substantial increases in the cost of children's social care, urging Government to provide additional funding for the service.

Schools and Learning

Whilst expenditure on school-related activity would normally be expected to be met from within the allocated DSG, there are some school based pressures which could fall to the Council's General Reserve to fund:

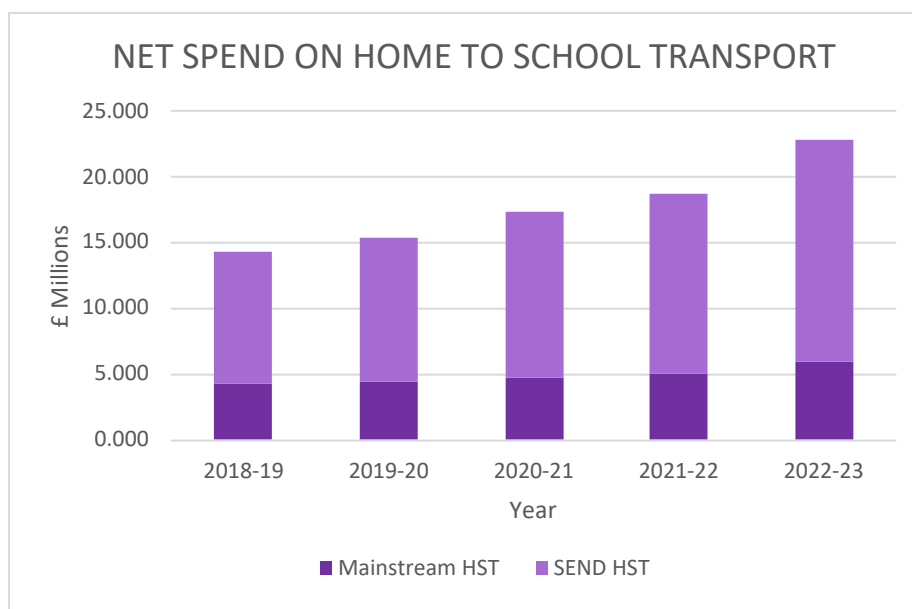
- The Council's accumulated DSG deficit was £4.775m at 31 March 2023. The DSG deficit will need to be recovered from future DSG income, however a statutory override for the accounting treatment of DSG positions is in place until 2025-26. The main pressures for the Council, as with most local authorities, continues to be in respect of High Needs Block budgets. The December 2023 DSG announcement provides for an increase in High Needs funding of £5.186m (4.7%), however it is likely that further demand and inflation pressures will still result in spend exceeding income in 2024-25. The

funding announcement also included a significant increase in the Early Years Block budgets of £22.283m (49%). These budgets primarily relate to funding for Early Years and Childcare providers and the increase reflects the Government's expansion of free childcare to include over twos (April 2024) and over nine months (September 2024).

Deficit balances that exist at the point a school becomes an academy may be left with the Council to fund. This is the case for 'sponsored' academies. Sponsored academies are those where conversion is a result of intervention, or where the school is not considered to be strong enough without the aid of a sponsor.

- There are some statutory duties relating to education which are funded from the Council's revenue funding. These include home to school transport (HST).
- Transport cost increases and growing numbers of pupils eligible for Council-funded transport have led to significant increases in spend on HST, in particular HST provided for children with special educational needs and disabilities (SEND), as shown in the chart below.

Chart 7: Council's Net Spend on Home to School Transport – Five Years to 2022-23



- Net costs have risen by 60% in the last four years and these budgets continue to be under pressure.

Adult Social Care

- Demographic growth continues to affect Adult Social Care costs. Growth predictions show that the Council is subject to approximate annual increases of up to £4m in relation to older people demography, with a further £2m for working age adults including children transitioning to adulthood. These additional costs of up to £6m each year are predicted to continue for at least the next five years.
- During the last few years, the National Living Wage has increased annually by between 2% and 10%. For 2024-25, the increase will be 9.8%. This directly impacts on the contract fees the Council pays to care providers. If this level of increase is to continue it will cost the Council up to an additional £20-£25m each year over the medium term.
- There are growing pressures around hospital discharge from the NHS, with an increase in demand, and because there is an insufficient supply of home care and reablement services, this has driven increased placements into residential homes rather than into care at home, with the risk of associated long term cost implications for the likely significant number of individuals who are not able to regain their independence and return home.

Waste

- The volume of waste managed by the Council has a significant financial implication. This is monitored throughout the year to inform future year volumes.
- Waste Landfill tax, landfill site gate fees and contractual payments for the operation of Household Waste Recycling Sites and Waste Transfer Stations are subject to price rises in line with a basket of indexation factors set out in the contracts. There are also statutory increases of 3% in the cost per tonne of recycling credits.

Budget Savings

4.12.6 Budget savings identified must be achieved. Any reduction in the amount achieved will continue to be at the relevant Department's risk and will require other savings to be made by that Department in the same year to offset them. Further measures will be necessary if the Government implements austerity measures over the period of the FYFP.

Council Plan Priorities

- 4.12.7 As part of a new approach to integrated strategic planning, designed to achieve a closer integration of service and financial planning, the Council has identified a set of 33 Strategic Objectives for delivery which describe the key activity the Council must deliver in the year to achieve the Council's Ambition and five key outcomes.
- 4.12.8 The Strategic Objectives were plotted against the 2024-25 timeline and represented as a Base Plan, enabling a single overview of planned activity throughout the year to be created. The Base Plan promotes a better understanding of the full range of planned activity and resource requirements across the organisation, assisting the Council to evaluate its strategic options and to prioritise activity. This supports the alignment of the budget to the Council's priorities, assists effective resource planning and enables the Council to ensure that its ambitions match the organisation's capacity to deliver.
- 4.12.9 Competing service pressures have been considered against priorities, within the context of budget restraint. These considerations included: the risk of the pressure occurring; whether or not the pressure related to a statutory service; whether the service is a priority in the Council Plan; whether the pressure related to an invest to save/grow proposal and whether the cost could be deferred into future years. The output of these budget pressure considerations has helped to inform the final decisions made in terms of which service pressures to support.

Summary

- 4.12.10 The degree of uncertainty over medium term funding can be related to the following issues in particular:
- The increasing likelihood of councils issuing 'Section 114' notices (see Section 4.11.20 below) allied to the requirements of the Financial Management Code for transparency in the sustainability of individual local authorities.
 - The continuing increase in pressures.
 - The need to maintain a significant and risk assessed level of reserves over the medium term.
 - The increasing difficulty in making significant and sustainable budget reductions.

- 4.12.11 The Council has a well-established and robust corporate governance framework. This includes the statutory elements like the posts of Head of Paid Service, Monitoring Officer and Section 151 Officer, together with the governance discharged by Members, such as Audit Committee and Governance, Ethics and Standards Committee. An overview of this governance framework is provided within the Annual Governance Statement (AGS), which is included in the Statement of Accounts. This includes a detailed review of the effectiveness of the Council's governance arrangements. Whilst it is not possible to provide absolute assurance, the review process as outlined in the AGS does conclude that the existing arrangements remain fit for purpose and help provide reasonable assurance of their effectiveness.
- 4.12.12 The Council's latest AGS, for 2022-23, highlights the economic shocks created by the invasion of Ukraine by Russia, has led to rising fuel and food costs, general inflation and fragile supply chains, these being the most significant challenge to the Council's Financial Resilience. These impacts have created a cost of living crisis in the UK which has had a direct effect on certain Council services, residents and the wider economy. Whilst the Council continues to demonstrate strong financial management even in these times of great uncertainty, there will be significant risks and challenges in the short to medium term as the Council is not immune from these economic shocks. The Council has had significant inflationary costs in 2022-23 (which have continued into 2023-24), as well as a pay award which was substantially higher than that estimated when setting the budget in February 2022 (and February 2023). The additional funding announced in the Autumn Statement 2022 was welcome, but the Council still faces a myriad of financial pressures in both the short and medium term which will have to be managed prudently.
- 4.12.13 As a principal local authority, the Council has to operate within a highly legislated and controlled environment. An example of this is the requirement to set a balanced budget each year, combined with the legal requirement for the Council to have regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves. In addition to the legal framework and Government control, there are other factors, such as the role undertaken by the external auditor, as well as the statutory requirement, in some cases, for compliance with best practice and guidance published by CIPFA and other relevant bodies. For example, the Council has measured itself against the principles set out in CIPFA's Financial Management Code and is confident that it is achieving these in all substantive areas.

4.12.14 The Council has deployable resources and assets at its disposal in the short term. The greatest risk to its financial sustainability in the medium term is from a reduced level of reserves following provision of substantial budget support for 2023-24 and to a lesser extent in recent years, not achieving substantial budget savings, demand pressures on looked after children, the increasing effect of NHS discharge pressures and demographic growth on Adult Social Care costs, and concern over high levels of inflation which has delivered a significant economic shock. Furthermore, the Autumn Statement and Provisional Local Government Finance Settlement did not indicate the level of support for local government after 2024-25, so a further period of uncertainty from 2025-26 has been signalled.

4.12.15 There remains a risk to its financial sustainability from not achieving substantial budget savings.

4.12.16 In Local Government, the Chief Finance Officer, also known as the Section 151 Officer (S151 Officer), has the power to issue a notice under Section 114 Local Government Finance Act 1988 (S114 notice) if there is a significant risk that the Council will not be in a position to deliver a balanced budget by the end of the current financial year. This is an emergency situation whereby a response is required by legislation. Councillors have 21 days from the issue of a S114 notice to discuss the implications at a Full Council meeting. The notice means that no new expenditure is permitted, with the exception of safeguarding vulnerable people and statutory services and continuing to meet existing contractual obligations. Council officers must therefore carry out their duties in line with contractual obligations and to acceptable standards, whilst being aware of the financial situation. Any spending that is not essential or which can be postponed should not take place and essential spend is monitored. The only allowable expenditure permitted under an emergency protocol includes the following categories:

- Existing staff payroll and pension costs.
- Expenditure on goods and services which have already been received.
- Expenditure required to deliver the council's provision of statutory services at a minimum possible level.
- Urgent expenditure required to safeguard vulnerable residents.
- Expenditure required through existing legal agreements and contracts.
- Expenditure funded through ring-fenced grants.
- Expenditure necessary to achieve value for money and/or mitigate additional in year costs.

4.12.17 Several councils have issued S114 notices in the last four years due to their inability to balance their budgets.

- 4.12.18 Experience and investigations into those councils experiencing financial failure demonstrates that periods of lower than allowed Council Tax rises can contribute significantly to exacerbate other financial issues, such as reducing Government support, increasing budget pressures, an overly optimistic savings programme or lack of strength on the Balance Sheet.
- 4.12.19 Under Section 15 of the Local Government Act 1999 the Secretary of State for Levelling Up, Communities and Housing has the power to direct an intervention package where an authority is considered to be in breach of its Best Value duty. Recent examples of such interventions have included capitalisation directives, access to the Public Works Loan Board to refinance borrowing and the appointing of commissioners to oversee the management of certain local authority functions. The 'trigger event' for such interventions can be the issuing of a S114 notice.
- 4.12.20 Despite the Autumn Statement and Provisional Settlement increasing the Council's funding for 2024-25, the Council still has an anticipated shortfall in funding for 2024-25, and is therefore proposing to use £21.206m of reserves to support one-off pressures in the Revenue Budget 2024-25. Whilst the Council has sufficient reserves it can deploy to meet the anticipated funding shortfall in 2024-25, this will significantly impact on any future funding available to support the Council's planned improvements, to support any further delays to certain savings plans and will require additional general reserves to be set aside in order to ensure that the balance of general reserves remains at a prudent risk-assessed level. It also means that a similar level of support in 2025-26 will not be possible. Due to the Council's Treasury Management Strategy over the last decade being to use internal borrowing, rather than take on new long-term external borrowing, the Council has head-room, within the scope of its powers under the Prudential Framework, to take on additional external borrowing to preserve the liquidity of its cash flow, should it need to do so.
- 4.12.21 It is vital that budget savings are delivered according to realistic plans and that tough decisions are taken to balance the budget.

4.12.22 Having regard to the Council's arrangements and the factors as highlighted in this report, the Director of Finance & ICT, as S151 Officer, concludes that:

- Derbyshire County Council can set a balanced budget for 2024-25 by making substantial use of the Council's available earmarked reserves in the face of immediate inflationary pressures but without using the Council's general reserve balance, taking account of the need to maintain appropriate levels of reserves to support the Council's financial sustainability and future investment, as encouraged by Government in the Provisional Local Government Finance Settlement. The Council's general reserve is forecast to retain an adequate balance in 2024-25.
- It will also be possible to set a balanced budget across the period of the FYFP, provided tough decisions are taken to achieve this, including that currently forecast pressures do not increase further and identified savings are delivered on time according to realistic plans, because available reserves levels, which would be required to give the necessary additional support, have been significantly diminished in managing forecast overspends in 2023-24 and in balancing the 2024-25 budget.
- The Council remains a going concern, although difficult decisions and strong, robust financial management will continue to be required.

5 Consultation

- 5.1 The Council has, for a number of years, undertaken a variety of consultation exercises, using a range of methods, in the preparation of its annual revenue budget.
- 5.2 A separate report highlighting consultation activity recently undertaken is also on the agenda for consideration at this meeting. The responses to that consultation exercise must be conscientiously taken into account when this decision is taken.
- 5.3 On 22 January 2024 the Improvement and Scrutiny – Resources Committee considered the savings proposals agreed at Cabinet at its meeting on 11 January 2024.
- 5.4 The Committee was asked to provide feedback to Cabinet on the budget savings options detailed in the report and that where the Committee did not agree with any of the proposals, then Members needed to suggest alternative proposals.

- 5.5 Members did raise a number of specific areas of concern. These included:
- That assurance be provided over whether the impact on vulnerable persons had been properly assessed, together with the cumulative impact.
 - Concern expressed whether the impact on partner agencies had been assessed, and whether consultation with other parties had taken place.
 - Assurance was sought over whether the impact of transferring service costs to other bodies had been considered.
 - Clarification over whether the Council would retain control over assets to be managed by other bodies.
 - Clarification was sought on the impact of new charging arrangements and the total costs to be charged.
 - Assurance over the process for any redundancies and associated staff consultation.
- 5.6 The Committee noted the financial context and approach to budget setting for 2024-25. The Committee also noted the possible options in respect of budget savings for the 2024-25 Financial Year.
- 5.7 The Committee resolved to provide the feedback detailed above to Cabinet on the budget savings options detailed in the report. This will enable the feedback to be considered at the Budget Cabinet meeting on the 1 February 2024.
- 5.8 The Committee noted, where the proposed savings and efficiencies do not progress, alternative savings will need to be found in order to meet the Council's legal obligations to set a balanced budget.
- 5.9 Consultation will also take place with Trade Unions through the Council's Corporate Joint Committee.
- 5.10 Individual savings proposals will be subject to separate full consultation where required.

6 Alternative Options Considered

- 6.1 Option 1) Do nothing – This would be contra to Appendix Seven of the Council's Constitution – Budget and Policy Framework Procedure Rules, which requires that Cabinet must propose a budget by early February to allow the Council, should it so wish, to raise objections and refer the budget proposals back to Cabinet for further consideration, allowing time to finalise precepts before the statutory deadline of 1 March.
- 6.2 Option 2) Alternative Budget Proposals – The Council could choose an alternative budget approach with different levels of savings and funding for pressures, a different level of Council Tax or different use of reserves. This option is rejected because it would result in the Council not delivering statutory obligations and not maintaining the financial sustainability of the Council. Alternative proposals could include:
- Increasing 2024-25 Council Tax by less than the maximum permitted 4.99%. This option is not recommended, for the following reasons:
 - In 2023-24 the Council has the lowest mean average Council Tax paid per household amongst the twelve shire county councils who provide the same services.
 - The Council is currently facing significant financial pressures, particularly in respect of social care. The Council needs more funding than has been allocated in the Provisional Settlement to continue to provide vital local services and maintain its financial standing.
 - The Council would only be able to set a balanced budget with a lower than permitted maximum Council Tax increase if it were to further increase the savings targets of Departments, which have already been significantly increased and this would further impact on services.
 - Providing Departments with full funding for initially identified ongoing services pressures. This option is not recommended, as the allocation of this additional funding would mean that Departments would have to find further 2024-25 savings equal to this increased funding. Significant budget savings in respect of demand management and service improvements have already been delivered and are planned to be delivered over the course of the FYFP. The delivery of additional savings in excess of those already identified is not expected to be achievable.

- Additional use of reserves – The Council has already utilised significant levels of Earmarked Reserves in 2022-23 and 2023-24 to fund both one-off and ongoing expenditure. The Council is required to maintain a minimum level of General Reserves and Earmarked Reserves for known or likely obligations. The use of additional reserves in 2024-25 is not recommended as this would leave the Council without sufficient reserves to manage financial risks and obligations.
- 6.3 Option 3) Budget proposals as set out in this report – This is the recommended option. The proposals set out in this report provide funding for essential and unavoidable service pressures, include significant but achievable savings requirements across all departments, and make limited sustainable use of reserves to fund pressures. The Council has the lowest mean average Council Tax amongst councils who provide the same services and the proposed increase in Council Tax is expected to keep Derbyshire County Council's Council Tax rates at least within the lower quartile, if not still the lowest for comparable Councils.

7 Implications

- 7.1 Appendix One sets out the relevant implications considered in the preparation of the report.

8 Background Papers

- 8.1 Autumn Statement 2023.
- 8.2 Provisional Local Government Finance Settlement 2024-25 – Department for Levelling Up, Housing and Communities.
- 8.3 Initial budget Equality Impact Assessment.

9 Appendices

- 9.1 Appendix One – Implications.
- 9.2 Appendix Two – Revenue Budget 2024-25.
- 9.3 Appendix Three – Response to Provisional Local Government Finance Settlement 2024-25.
- 9.4 Appendix Four – Council Tax 2024-25.
- 9.5 Appendix Five – Service Pressures 2024-25.
- 9.6 Appendix Six – Budget Savings Proposals 2024-25 to 2028-29.

- 9.7 Appendix Seven – Five Year Financial Plan 2024-25 to 2028-29.
- 9.8 Appendix Eight – Equality Impact Analysis Revenue Budget 2024-25.

10 Recommendations

That Cabinet recommends to Council that it:

- 10.1 Notes the details of the Autumn Statement 2023 and Provisional Local Government Finance Settlement as outlined in sections 4.3 and 4.4.
- 10.2 Notes the Government's expectations about Council Tax levels for 2024-25 in section 4.5.
- 10.3 Approves the precepts as outlined in section 4.5 and Appendix Four.
- 10.4 Approves that billing authorities are informed of Council Tax levels arising from the budget proposals as outlined in section 4.5 and Appendix Four.
- 10.5 Approves the contingency to cover non-standard inflation as outlined in section 4.7. The contingency to be allocated by the Director of Finance & ICT, as S151 Officer, once non-standard inflation has been agreed.
- 10.6 Approves the service pressure items identified in section 4.8 and Appendix Five.
- 10.7 Approves the increase to budgets for undeliverable prior year savings proposals as outlined in section 4.9.
- 10.8 Approves the level and allocation of budget savings as outlined in section 4.10 and Appendix Six.
- 10.9 Notes the comments of the Director of Finance & ICT, as S151 Officer, about the robustness of the estimates and adequacy of the reserves as outlined in section 4.11.
- 10.10 Notes the details of the Council's consultation activity as outlined in section 5.
- 10.11 Approves the Council Tax requirement of £410,111,128 which is calculated as follows:

10.12

	£
Budget Before Non-Inflationary Pressures and Budget Reductions	705,047,178
Plus Service Pressures – ongoing	6,391,000
Plus Adult Social Care Precept	7,816,432
Plus Service Pressures - one-off	17,287,000
Less Budget Reductions	-40,068,000
Increase in Debt Charges - ongoing	9,845,000
Increase in Debt Charges – one-off	1,423,000
Increase in Risk Management Budget	6,111,671
Decrease in Interest and Dividend Receipts	916,000
Net Budget Requirement	714,769,281
Less Top-Up	-101,908,989
Less Business Rates	-18,418,000
Less Revenue Support Grant	-16,755,184
Less New Homes Bonus	-843,359
Less General Grant	-135,023,210
Less PFI Grant	-10,503,833
Less Use of Earmarked Reserves	-21,205,578
Balance to be met from Council Tax	410,111,128

10.13 Approves the use of the Revenue Contributions to Capital Expenditure Earmarked Reserve to provide one-off support to the 2024-25 Revenue Budget.

10.14 Authorises the Director of Finance & ICT, as S151 Officer, to allocate cash limits amongst Cabinet portfolios; Executive Directors will then report to Cabinet on the revised Service Plans for 2024-25.

11 Reasons for Recommendations

11.1 Appendix Seven of the Council's Constitution – Budget and Policy Framework Procedure Rules, requires that Cabinet must propose a budget by early February to allow the Council, should it so wish, to raise objections and refer the budget proposals back to Cabinet for further consideration, allowing time to finalise precepts before the statutory deadline of 1 March.

11.2 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.

- 11.3 The Council is committed to ensuring good financial management and compliance with applicable laws and regulations. The Council is committed to ensuring that it sets a balanced budget over the medium-term, therefore ensuring good financial management and use of reserve balances to meet the costs of any unforeseeable events.

Report Author:

Eleanor Scriven
Heather Green

Contact details:

eleanor.scriven@derbyshire.gov.uk
heather.green@derbyshire.gov.uk

Implications

Financial

- 1.1 Considered in the body of the report.

Legal

- 2.1 The Council's Constitution contains Budget and Policy Framework Procedure Rules which must be followed when the Council sets its budget. Cabinet must propose a budget by early February to allow the Council, should it so wish, to raise objections and refer the budget proposals back to Cabinet for further consideration, allowing time to finalise the precepts before 1 March. The Revenue Budget Report was identified and published as a key decision with 28 days' notice.
- 2.2 When setting the budget, the Council must be mindful of the potential impact on service users. The consultation exercises which have been undertaken in the preparation of the 2024-25 budget are relevant in this respect and are detailed in the Budget Consultation Results report that appears earlier in the agenda.
- 2.3 Under section 65 of the Local Government Finance Act 1992, as a major precepting authority, the Council has a statutory duty to consult ratepayer representatives on its annual expenditure proposals, ahead of setting its budget. Certain prescribed information must be sent to the persons the Council proposes to consult as soon as practicable and, in any event, not later than 15 February by virtue of the Non-Domestic Ratepayer (Consultation) Regulations 1992.
- 2.4 The Council also has a statutory duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness and when determining how to discharge this duty has to consult representatives of a wide range of local persons.
- 2.5 In performing these statutory duties the Council must have regard to statutory guidance issued by the Secretary of State.
- 2.6 Case law has established minimum requirements of consultation, which are:
- Consultation must be at a time when proposals are at a formative stage.
 - Sufficient information must be given to permit a person to "give an intelligent consideration and response".

- Adequate time must be given for consideration and response.
- 2.7 When considering this report Members must therefore take into account the consultation responses set out in the Budget Consultation Results report earlier on the agenda.
- 2.8 The consultation activities set out in the Budget Consultation Results report meet the necessary legislative and constitutional requirements.
- 2.9 Section 149 of the Equality Act 2010 imposes an obligation on Members to have due regard to protecting and promoting the welfare and interests of persons who share a relevant protected characteristic (age; disability; gender re-assignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation).
- 2.10 A high-level equality analysis has been carried out and is included at Appendix Eight. Even though this is a high-level analysis and, as noted below, there will be detailed analyses undertaken for specific service reductions, it is still essential that Members read and consider the analysis to be provided alongside this report. It will be noted that the analysis identifies a number of potential areas of detriment and Members are asked to pay careful regard to this in considering the recommendations made in this report. Once the budget has been set and as spending decisions are made, service by service, and as policies are developed within the constraints of the budgetary framework, proposals will be further considered by Members and will be subject to an appropriate and proportionate assessment of any equality implications as well as consultation, including consultation on a range of options, where appropriate.

Human Resources

- 3.1 The actual scale and detailed composition of any workforce implications arising from business savings proposals will not become clear until the necessary engagement and/or consultation relevant to each proposal have concluded, and final decisions are made on individual savings proposals. Each proposal will subsequently follow their own processes and timescales, dependent on the scope and content of each proposal. The Council will seek to mitigate the impact of the proposed budget reductions on the Council's workforce through the continued use of workforce plans and measures such as vacancy control, redeployment, voluntary release, etc. where necessary. The Council will make every effort to avoid compulsory redundancies and to seek suitable alternative employment in line with the provisions set out in the Council's redundancy and redeployment policy, continuing to engage with Joint Trade Unions as appropriate.

- 3.2 Any matters involving workforce implications will be considered as necessary in accordance with the Constitution, the Council's Policy and legislation.

Information Technology

- 4.1 None

Equalities Impact

- 5.1 An initial Equality Analysis has been carried out in relation to the Council's proposed Revenue Budget Report 2024-25. This outlines the overall likely impacts upon the different protected characteristic groups and is based on those areas which have been identified for savings. It also reflects upon the ongoing work to develop cumulative impact analysis and to consider the linkages between the Council's budget savings and those being made elsewhere in Government and by public sector partners.
- 5.2 Increasingly budget savings are resulting in reductions or changes to frontline services, which directly affect the people of Derbyshire. In particular, they are likely to pose a potential adverse impact for some older people, disabled people, children and younger people and families. In part this is because many of the Council's services are targeted at these groups and these services command the largest parts of the Council's budget. At the same time, other national and local changes are also likely to continue to affect these groups in particular. As indicated above, an initial budget Equality Analysis has been carried out and a copy is included at Appendix Eight. Members are asked to read this analysis carefully. As explained above, this assessment helps identify areas where there is a significant risk of adverse impact which would then be subject to a full equality impact assessment process prior to Cabinet decisions on individual services.

Corporate objectives and priorities for change

- 6.1 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.
- 6.2 The Council is committed to ensuring good financial management and compliance with applicable laws and regulations. The Council is committed to ensuring that it sets a balanced budget over the medium-term, therefore ensuring good financial management and using reserves balances to meet the costs of any unforeseeable events.

**Other (for example, Health and Safety, Environmental Sustainability,
Property and Asset Management, Risk Management and Safeguarding)**

7.1 None

REVENUE BUDGET 2024-25

SERVICE	Adjusted Base £	Funding Changes £	Adjusted Base after Funding Changes £	Pay and Price Inflation £	Base Plus Inflation £	Ongoing Pressures £	Adult Social Care Precept	Ongoing Budget Savings Target £	Base Budget Ongoing £	One off Pressures £	One off Budget Savings Target £	Budget 2024-25 £
Adult Social Care and Health	303,624,718	4,034,000	307,658,718	5,357,568	313,016,286	502,000	7,816,432	-18,212,000	303,122,718	920,000	-812,000	303,230,718
Children's Services	157,772,394	0	157,772,394	6,464,000	164,236,394	0	0	-12,447,000	151,789,394	0	-81,000	151,708,394
Place	91,243,465	7,306,000	98,549,465	5,410,000	103,959,465	5,889,000	0	-2,670,000	107,178,465	2,458,000	-45,000	109,591,465
Corporate Services and Transformation	74,518,635	2,204,000	76,722,635	2,821,000	79,543,635	0	0	-5,211,000	74,332,635	3,909,000	-590,000	77,651,635
Service Totals	627,159,212	13,544,000	640,703,212	20,052,568	660,755,780	6,391,000	7,816,432	-38,540,000	636,423,212	7,287,000	-1,528,000	642,182,212
Plus Contingency	0	0	0	16,611,000	16,611,000	0	0	0	16,611,000	10,000,000	0	26,611,000
Plus External Debt Charges	38,455,069	0	38,455,069	0	38,455,069	9,845,000	0	0	48,300,069	1,423,000	0	49,723,069
Plus Risk Management Budget	-6,111,671	0	-6,111,671	0	-6,111,671	6,111,671	0	0	0	0	0	0
Less Interest and Dividend Income	-4,663,000	0	-4,663,000	0	-4,663,000	916,000	0	0	-3,747,000	0	0	-3,747,000
Net Budget Requirement	654,839,610	13,544,000	668,383,610	36,663,568	705,047,178	23,263,671	7,816,432	-38,540,000	697,587,281	18,710,000	-1,528,000	714,769,281
FUNDED BY:												
Council Tax	387,010,563	23,100,565	410,111,128	0	410,111,128	0	0	0	410,111,128	0	0	410,111,128
Top Up	97,773,890	4,135,099	101,908,989	0	101,908,989	0	0	0	101,908,989	0	0	101,908,989
Business Rates	19,383,020	-965,020	18,418,000	0	18,418,000	0	0	0	18,418,000	0	0	18,418,000
Revenue Support Grant	15,714,332	1,040,852	16,755,184	0	16,755,184	0	0	0	16,755,184	0	0	16,755,184
New Homes Bonus	1,105,736	-262,377	843,359	0	843,359	0	0	0	843,359	0	0	843,359
General Grant	123,348,236	11,674,974	135,023,210	0	135,023,210	0	0	0	135,023,210	0	0	135,023,210
PFI Grant	10,503,833	0	10,503,833	0	10,503,833	0	0	0	10,503,833	0	0	10,503,833
Use of Earmarked Reserves	0	0	0	0	0	0	0	0	0	21,205,578	0	21,205,578
	654,839,610	38,724,093	693,563,703	0	693,563,703	0	0	0	693,563,703	21,205,578	0	714,769,281

RESPONSE TO PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2024-25



Mark Kenyon
Director of Finance & ICT
County Hall
Matlock
Derbyshire DE4 3AH

Local Government Finance Settlement Team
Department for Levelling Up, Housing and Communities
2nd floor, Fry Building
2 Marsham Street
LONDON, SW1P 4DF

Ask for: Eleanor Scriven
Our ref: ES15JAN
Date: 15 January 2024

Dear Sir/Madam

Provisional Local Government Finance Settlement 2024-25

The Council welcomes the opportunity to respond to the Provisional Local Government Finance Settlement 2024-25, details of which were published on 18 December 2023. The Council has responded to the formal consultation questions and these are set out later in this letter. In addition, the Council has taken the opportunity to highlight details of the financial pressures it is currently facing, particularly in respect of social care, as well as commenting on the Fair Funding Review. The main underlying point in this response is local government needs more funding than has been allocated in the provisional settlement to continue to provide vital local services and maintain the financial standing of local authorities. Similar, to other county councils we are disappointed that no new money has been made available to help councils pay for areas such as Children's Services where there have been unprecedented increases in costs. This letter provides an analysis of the financial pressures in Children's Services at Derbyshire.

Fair Funding

A transparent, fair funding system is urgently required for local government, which reflects the need and ability to fund services locally. The Council acknowledges the Government continues to recognise that the mechanism for allocating mainstream funding to local authorities needs urgent revision, to ensure that the costs of providing services, particularly in respect of social care, are accurately reflected in the distribution methodology. The Council remains disappointed that Government will not implement the Fair Funding Review and the Business Rates reset in this Spending Review period. Government should implement a revised local government funding system as soon as possible that reflects the needs of councils, including cost pressures.

The proposed Local Government Finance Settlement for 2024-25 includes around £1.8bn additional grant funding to be allocated in 2024-25, for social care and other services, and assumes that local authorities will raise £2.1bn additional Council Tax revenue through use of the Council Tax flexibility afforded to the sector. This represents an average 6.5% increase in local government core spending power to help councils deal with inflationary and other cost pressures in 2024-25, assuming councils use their option to raise more Council Tax using additional Council Tax flexibilities. Although Government assumes that every local authority will raise their Council Tax by the maximum permitted without a referendum, this leaves councils facing tough choices about whether to increase Council Tax bills to bring in desperately needed funding at a time when they are acutely aware of the significant additional burden that is likely to place on households during the current cost of living crisis. However, even with this additional funding, the Council still faces significant challenges in setting its budget and trying to protect services. Underlying existing pressures remain and there remains a substantial funding gap between the cost of service demand and the resources available.

Social Care Costs

Adult Social Care

Demographic growth continues to affect Adult Social Care costs. Growth predictions show that the Council is subject to approximate annual increases of up to £4m in relation to older people demography, with a further £2m for working age adults including children transitioning to adulthood. These additional costs of up to £6m each year are predicted to continue for at least the next five years.

During the last few years, the National Living Wage has increased annually by between 2% and 10%. For 2024-25, the increase will be 9.8%. This directly impacts on the contract fees the Council pays to care providers. If this level of increase is to continue it will cost the Council up to an additional £20m-25m each year over the medium term.

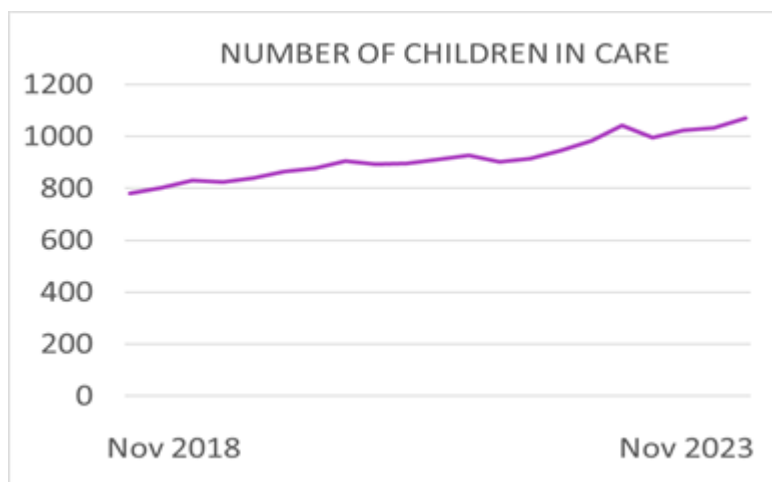
There are growing pressures around hospital discharge from the NHS, with an increase in demand, and because there is an insufficient supply of home care and reablement services, this has driven increased placements into residential homes rather than into care at home, with the risk of associated long term cost implications for the likely significant number of individuals who are not able to regain their independence and return home.

Children's Social Care

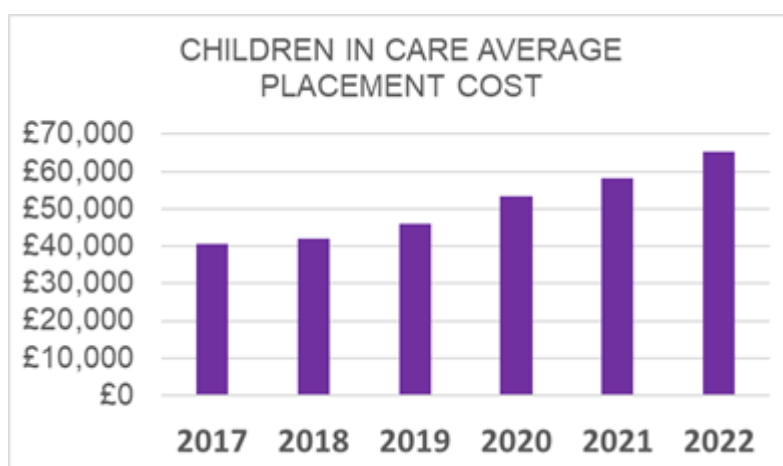
As an upper tier authority, the Council is responsible for providing children's social care services. These services include child protection and safeguarding, care for looked after children and aftercare, support for vulnerable children and their families.

Nationally the number of children in care has risen significantly over the past decade creating unprecedented demand pressures on children's services. The national picture is being reflected in Derbyshire.

As at 30 November 2023 there were 1,070 children in the care of the Council, a 37% increase on the number five years ago, as shown in the chart below.



The costs of caring for looked after children have also been rising, as shown in the chart below.



Average placement costs for children in the Council's care have risen 61% over the last five years.

Residential care is the most expensive form of care. Locally and nationally, the proportion of children in residential care has increased, largely due to councils struggling to source suitable alternatives such as foster care.

These pressures, exacerbated by the impact of high inflation and cost of living increases on placement costs, are expected to continue to grow for the foreseeable future. The Council, along with many other local authorities in the country, continue to express concern regarding substantial increases in the cost of children's social care, urging Government to provide additional funding for the service.

Funding

For 2024-25, Improved Better Care Fund (iBCF) funding for adult social care authorities, which has to be included within Better Care Funding plans, is being maintained at the same level as in 2023-24 in cash terms (£2.14bn), with the distribution unchanged. Social Care Grant funding for adult and children's social care services is being increased to £4.54bn in 2024-25, from £3.85bn in 2023-24. In 2024-25 the grant includes £1.88bn of funding from delaying the rollout of adult social care charging reform from October 2023.

The Council acknowledges the extra funding for social care and notes the Government has accepted the need for funding allocated towards reforms to still be available to address inflationary pressures for councils and social care providers. However, the level of funding provided to local authorities for social care is not enough to pay for the continued rise in demand and increased cost pressure in this area. This is across Adults and Children's Social Care. The Council is under significant financial pressure in these areas and the local government finance system needs to be amended urgently to reflect these significant cost pressures.

The Council has adopted innovative solutions to the delivery of adult social care services across the county which will realise significant savings over the medium-term. However, the Covid-19 pandemic resulted in delays to the programme. Even with the planned level of savings being achieved, there is still rising demand for services. A significant number of cost reduction initiatives are also underway in respect of children's social care services; however, these are partly being used to mitigate overspends and reduce the need for budget growth.

Over recent years the option of implementing the Adult Social Care Precept has provided local authorities with additional Council Tax income to support the funding of associated services. The Council is committed to keeping Council Tax increases as low as possible and whilst the Council recognises that increases in Council Tax bills for many will be difficult, local authorities should continue to be afforded the option of implementing the Precept. However, variable amounts of income can be generated in different parts of the country, unrelated to need, which should be addressed as part of the Government's Funding Review.

Schools and Learning

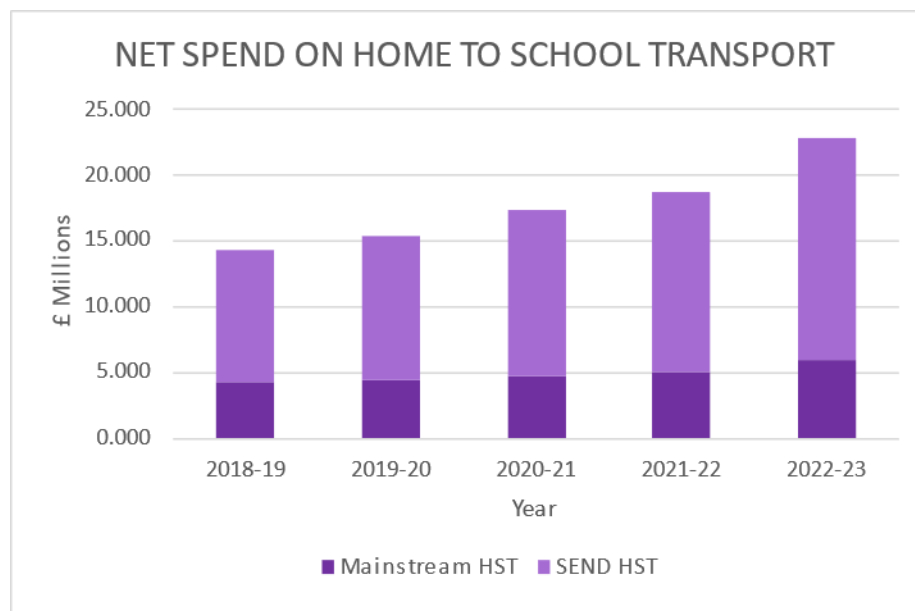
Whilst expenditure on school-related activity would normally be expected to be met from within the allocated DSG, there are some school based pressures which could fall to the Council's General Reserve to fund, details of which are set out below.

The Council's accumulated DSG deficit was £4.775m as at 31 March 2023. The DSG deficit will need to be recovered from future DSG income, however a statutory override for the accounting treatment of DSG positions is in place until 2025-26. The main pressures for the Council, as with most local authorities, continues to be in respect of High Needs Block budgets. The December 2023 DSG announcement provides for an increase in High Needs funding of £5.186m (4.7%) for the Council, however it is likely that further demand and inflation pressures will still result in spend exceeding income in 2024-25. The funding announcement also included a significant increase in the Early Years Block budgets of £22.283m (49%) for the Council. These budgets primarily relate to funding for Early Years and Childcare providers and the increase reflects the Government's expansion of free childcare to include over twos (April 2024) and over nine months (September 2024).

Deficit balances that exist at the point a school becomes an academy may be left with the Council to fund. This is the case for 'sponsored' academies. Sponsored academies are those where conversion is a result of intervention, or where the school is not considered to be strong enough without the aid of a sponsor.

There are some statutory duties relating to education which are funded from the Council's revenue funding. These include home to school transport (HST).

Transport cost increases and growing numbers of pupils eligible for Council-funded transport have led to significant increases in spend on HST, in particular HST provided for children with special educational needs and disabilities (SEND), as shown in the chart below.



Net costs have risen by 60% in the last four years and these budgets continue to be under pressure.

Pay

The Council requests that the Government provides financial support for local authorities in the 2024-25 Settlement, to address the serious issue of substantial and increasing pay award pressures. The Council has no choice but to fund nationally agreed pay awards. It is estimated that the pay award will cost the Council £17m in 2024-25. This is a significant cost and the Council will have little choice other than to introduce savings measures which will impact on service delivery to pay for the pay award.

Public Health Grant

It is disappointing that the Public Health Grant allocations have not been published alongside the Provisional Settlement. Public Health Grant allocations should be published as soon as possible, so councils know how much they can budget for essential services to help keep people throughout their lives.

Multi-Year Financial Settlement

A multi-year settlement, detailing funding allocations at a local authority level, provides local authorities with some certainty, supporting medium-term financial planning and financial sustainability. The Provisional Settlement provides provisional allocations for one year. It is disappointing that the Provisional Settlement has failed to announce a multi-year settlement, as it constricts the flexibility of local authorities to balance budgets across the medium term. The local government sector has implored Government for a multi-year settlement. The 2024-25 settlement will be the sixth continuous single-year settlement.

Conclusion

Government should urgently review the local government funding system. This is to ensure that the system reflects the needs of local councils. This includes the significant cost pressures relating to social care which are due to increased demand and increases in cost. The funding system should also reflect the increase in cost across the sector that are a result of inflation and nationally agreed pay awards. The review of the funding system is also needed to ensure that historic resource equalisation flaws in the current funding methodology are addressed.

As well as looking at the formulae used to distribute funding, Government should also look at the data on which funding is based. The Council encourages Government to continue to work with local government to understand changing service demands and revenue-raising ability, to ensure overall local government funding is sufficient when any funding distribution changes are introduced. It should then revisit the priorities for reform of the local government finance system.

The delayed future funding reforms make it difficult for Government to set out a multi-year settlement for local government, this is the sixth single-year settlement in a row for councils, which continues to hamper financial planning and their financial sustainability. Only with adequate long-term resources, certainty and freedoms, can councils deliver world-class local services for our communities, tackle the climate emergency, and level up all parts of the country.

Question 1: Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2024-25?

Whilst the Council acknowledges the Consumer Price Index (CPI) increase in the Revenue Support Grant (RSG), it is disappointed that this is at the expense of the Services Grant, which is set to substantially reduce in 2024-25. The Council agrees with the proposed methodology for RSG as this provides local authorities with the certainty required for 2024-25 to facilitate the setting of budgets within the prescribed timeframes.

However, the Council requests that in future the Government publishes its Provisional Settlement earlier in the year, in line with its commitment in the 2018 Hudson Review. So far the Government has yet to achieve this commitment. Whilst the Government's publication of its Policy Statement on 5 December 2023 removed some funding uncertainty, it did not contain the detail of allocations needed for budget setting purposes. This was not provided until 18 December 2023. All grant allocations, along with any associated conditions, should also be published alongside the Provisional Settlement, so that the amount of funding available and permitted use is known at the time of budget setting.

Question 2: Do you agree with the Government's proposals to roll grants into the Local Government Finance Settlement in 2024-25?

The Council agrees with the Government's proposals to roll in the one grant, which the Council does not receive (the Fire and Pensions Grant), into core funding. This grant is sufficiently small that this is an understandable decision. However, the Government should commit to protecting the future Settlement Funding Assessment (SFA), otherwise any cut to SFA would in effect be a cut to this grant too.

Question 3: Do you agree with the proposed package of Council Tax Referendum Principles for 2024-25?

The Council acknowledges that the Government has again recognised the cost pressures associated with delivering adult social care and other council services, by allowing local authorities with adult social care responsibilities to raise up to an additional 2% Council Tax to support adult social care service pressures, and by up to 3% in support of general spending. The option of implementing the Adult Social Care Precept (ASC Precept) has provided local authorities with some much needed additional Council Tax income to support the funding of associated services. The Government has also allocated around £1.8bn additional grant funding in 2024-25, for social care and other services and this is also welcome.

However, local authorities have little choice other than to increase Council Tax by the maximum amount to generate additional funding to pay for services. This places the burden of extra tax increases on local residents which is unfair, given the continued cost of living crisis.

However, the Council is committed to keeping Council Tax increases as low as possible and whilst the Council recognises that increases in Council Tax bills for many will be difficult, local authorities should continue to be afforded the option of implementing the ASC Precept. It is understandable that Government relies on Council Tax increases to part-fund local authorities' increasing pressures. Council Tax collection rates are higher than other forms of taxation and have proven resilient, even during the pandemic. However, the current Council Tax funding system is unfair for local authorities. Variable amounts of income can be generated in different parts of the country, unrelated to need, which should be addressed as part of a Government Funding Review.

The Council welcomes the publication of the Referendum Principles alongside the Provisional Settlement. However, the Council has long argued that Council Tax increases should be at the discretion of local authorities, as they are best placed to understand and set their own levels of local taxation, whilst ensuring that the local taxpayer is not burdened with excessive increases. Therefore, the Council does not agree with the principles of Council Tax referendums.

Question 4: Do you agree with the Government's proposals to maintain the Funding Guarantee for 2024-25?

As a council with adult social care responsibilities, the funding guarantee does not apply to the Council, but in recognition that all local authorities face inflationary pressures, a percentage funding guarantee does make sense. However, the Council is concerned that the guarantee is somewhat arbitrary, as it does not take account of income from increased Council Tax, or actually retained business rates income (which can vary significantly from baseline funding levels), nor does it take account of non-settlement income.

Question 5: Do you agree with the Government's proposals on funding for social care as part of the Local Government Finance Settlement in 2024-25?

The Council acknowledges the Government's decision to again provide additional funding for social care and to increase funding in this area. The pressures on social care cannot be overstated and the funding provided does not reflect the cost pressures in social care faced by local authorities. The pressures of an ageing population, workforce retention and inflation remain. Concerns also remain around delayed charging reform. Fundamental solutions are required to support the social care sector.

The Council reiterates the point made earlier in this response that this additional funding fails to address the full cost pressures faced by local authorities and therefore it is imperative that a Fair Funding review is given priority to address the cost pressures associated with the delivery of social care. Whilst the Council supports the distribution of the Social Care Grant for 2024-25 via the existing Adult Social Care Relative Needs Formula, future allocations following a Fair Funding review should be based, subject to consultation, upon an updated relative needs formula.

Question 6: Do you agree with the Government's proposals for New Homes Bonus in 2024-25?

The New Homes Bonus Scheme (NHB) was intended to encourage local authorities to grant planning permission for the building of new houses and then for them to then share in the additional revenue generated. Although the Government's aim was for authorities to utilise the funding to invest in local infrastructure to support further housing growth, it has yet to be demonstrated whether the NHB has had the Government's planned incentive effect and has resulted in significant behavioural change. The reality is that local authorities have, in general, used the funding to support the overall council budget, to mitigate funding reductions since 2010.

Although the Government's intention was for a reform of the system to be implemented for 2022-23, this did not happen. The method for calculating NHB is the same as in 2022-23 and 2023-24. As in 2023-24, the NHB grant no longer contains any legacy payments but does continue to include new single year payments. The 2024-25 payment for local authorities, of £291m, is the same as in 2023-24 but the Council's allocation has reduced.

The allocations tend to favour councils with lower tier responsibilities, not shire counties like the Council. The Council fully understands the need for more housing and could be supportive of an incentive scheme which fully recognises the costs of developments rather than one which lower tier service providers have become reliant upon to support their general day-to-day spending. Authorities providing upper tier services face substantial costs when new housing developments are built (including new roads and new schools) but this is not appropriately reflected in the current system.

The Council welcomes the Government's ultimate intention and commitment to reforming the NHB and looks forward to reviewing the delayed consultation document on the future of the NHB, including options for reform. Councils need clarity on the future of the NHB to be able to plan their budgets beyond next year and into the medium-term. It could be argued that the operation and funding of the bonus removes funding from those with high needs and distributes that funding to lower tier service providers, which arguably have fewer pressures on their budgets. At a time when funding constraints remain in local government, the Council would like to see the Government consider whether this funding could be more appropriately directed to address well publicised pressures in adults' and children's services, including SEND provision in schools. Looking ahead to a future fair funding review, an option to remove the bonus altogether should be considered a viable approach, provided the funding is retained within the settlement.

Question 7: Do you agree with the Government's proposals for Rural Services Delivery Grant in 2024-25?

The Council welcomes the decision to provide funding for the additional costs of delivering services in rural areas, pending further consideration in a Fair Funding review, in continued recognition that authorities in rural areas face costs not covered by the current funding arrangements.

However, the Council does not believe that the current distribution methodology treats all areas fairly.

It is unfair to continue to exclude county councils where constituent districts receive this funding, as they face budgetary pressure resulting from their rurality, for instance in the service areas of social care, passenger transport and home to school transport, which are all upper tier responsibilities.

The Council requests that Government takes better account of rurality for all affected local authorities in order to make this funding fairer.

Question 8: Do you agree with the Government's proposals for Services Grant in 2024-25?

On its introduction in 2022-23, the Services Grant was intended to support the delivery of all local authorities' services. It was expected that this funding would be used to aid the transition to a new funding formula.

The Services Grant continued in 2023-24 but with funding reduced, in part because it included funding for local government costs arising as a result of the Social Care Reform increase in employer National Insurance Contributions, which was introduced but has now been reversed. In 2023-24 it was also reduced to pay for the real-terms protection of RSG.

In 2024-25 the Services Grant has again continued but with a very substantial reduction in funding, by £406m (84%), from £483m to £77m. It is a commonly held view across all local authorities that whilst a reduction was expected, the severity of this reduction was not.

The Council is particularly disappointed that the Autumn Statement 2023 announcement of a further £80m of Adult Social Care Precept equalisation, to be provided within the Social Care Grant, was not in fact new money. Only on publication of the Provisional Settlement did it become apparent that the Services Grant was the source of this funding.

In 2024-25 the Service Grant has also been reduced once again to pay for the real-terms protection of RSG (£123m) and to provide an increase in the funding guarantee, which ensures that all local authorities will receive an increase in Core Spending Power of 3% (£63m), so again this protection is not new money in the Provisional Settlement.

Government has confirmed that, apart from a small contingency the Government is withholding from the Provisional Settlement for now, the rest of the decrease in funding (around £140m) has gone to other local government grants outside of the Provisional Settlement. The Council is very disappointed that this is diverting money away from the main settlement when it is widely acknowledged that there is overwhelming evidence of increased costs and rising demand, which have been exacerbated by the Government's announcement of a 9.8% increase in the National Living Wage for 2024-25, which will place further pressure on budgets.

The funding is distributed through the existing formula for assessed relative need. The Council agrees with Government's proposals for distributing the funding through the existing formula for assessed relative need in 2024-25, as this provides local authorities with the certainty required for 2024-25 to facilitate the setting of budgets within the prescribed timeframes.

However, in its current form, the Services Grant represents settlement funding that the Council cannot rely on in the future, which increases uncertainty in respect of medium-term financial planning. The unexpected substantial reduction in the 2024-25 Provisional Settlement has evidenced this. The Government should ensure that it fulfils its original intention to work closely with local authorities to decide how to best use this money in future and to retain that money within the Settlement.

Question 9: Do you have any comments on the impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

Council Tax Equalities

The Council has long argued that there is disparity across the country in terms of a local authority's ability to raise Council Tax. Whilst the additional flexibility afforded to local authorities in recent years has been welcomed, in respect of increasing the Council Tax referendum threshold for general increases and permitting all authorities responsible for Adult Social Care the ability to levy up to an additional specified increase through the ASC Precept, variable amounts of income can be generated in different parts of the country. The Council would expect this inequality to be addressed as part of a Fair Funding review. A renewed commitment and timeframe for implementation of a Fair Funding review is needed to ensure that the historic resource equalisation flaws in the current funding methodology are addressed.

Reserves

Whilst the Council acknowledges the Government's concern with regard to the seemingly 'high level' of reserves which some local authorities hold, the Government should understand that in uncertain times more reserves are required to mitigate risks, not less. The Government must not attempt to force local reserves down to an unsustainable level. Government should ensure that its view on the level of local authorities' reserves is not influenced by high levels of unusable reserves, which are not available to support expenditure. Section 151 officers are required to report on the adequacy of the proposed financial reserves and have a legal duty to ensure that reserves positions are sustainable. Running down reserves in the current uncertain climate is not appropriate.

Multi-Year Settlements

The Council implores Government to provide local government with the greater funding certainty it requires over the medium term, at the earliest opportunity. Multi-year settlement allocations, not just funding totals, are important in determining the long-term sustainability of the services provided by local authorities. A multi-year settlement would provide better information on which to make financial sustainability decisions around reductions in spending and whether it is possible to continue with discretionary services.

Fundamental Reform

As set out earlier in this response, the Council is disappointed by the lack of a review of relative needs and resources and requests that this should be addressed as a matter of urgency.

Question 10: Do you have any views about the Government using levers in future Local Government Finance Settlements (those occurring after 2024-25) to disincentivise the so-called '4 day working week' and equivalent arrangements of part time work for full time pay?

The Council recognises and promotes the importance of work life balance and working flexibly. In line with the Council's Flexible Working policies, requests to work flexibly are considered on an individual basis, assessing the benefits for both the employee and the Council. Flexible working requests cover a range of different working arrangements and consider service impact. The Council remains committed to supporting flexible working across the organisation, balancing the need for efficiency and effectiveness as a whole. However, it should be noted that many of the Council's essential services operate on a 7-day working week, and whilst councils should be provided with the freedom to manage their own budgets and services, Derbyshire County Council does not support four day working for full pay.

Yours faithfully

Mark Kenyon
Director of Finance & ICT (S151 Officer)

COUNCIL TAX 2024-25

Taxbase

	Equivalent Band D Properties 2023-24	Equivalent Band D Properties 2024-25	Change %
Amber Valley	41,085.91	41,881.66	1.94%
Bolsover	22,900.72	23,122.93	0.97%
Chesterfield	30,222.43	30,443.17	0.73%
Derbyshire Dales	30,662.53	30,817.66	0.51%
Erewash	34,613.00	34,510.30	-0.30%
High Peak	31,390.00	31,795.00	1.29%
North East Derbyshire	32,603.64	33,049.86	1.37%
South Derbyshire	37,663.00	38,809.00	3.04%
	261,141.23	264,429.58	1.26%

Billing authorities have until 31 January 2024 to confirm in writing their final taxbase position.

Collection Fund

	2023-24 £	2024-25 £
Amber Valley	1,212,844	271,749
Bolsover	116,810	47,842
Chesterfield	-213,770	-72,366
Derbyshire Dales	-500,205	-907,619
Erewash	-808,517	-672,355
High Peak	498,777	63,370
North East Derbyshire	379,105	657,269
South Derbyshire	364,004	399,926
	1,049,048	-212,184

The 2023-24 collection fund position above include £1.041m of deficit carried forward from 2021-22 budget setting.

Billing authorities have until 31 January 2024 to confirm in writing their final collection fund estimates.

Council Tax Amounts

Band	2023-24	2024-25	General	ASC	Total	Number of
	£	£	Increase	Increase	Increase	Properties
			£	£	£	
A	985.32	1034.49	29.46	19.71	49.17	137,240
B	1149.54	1206.90	34.37	22.99	57.36	86,270
C	1313.76	1379.32	39.28	26.28	65.56	64,340
D	1477.98	1551.73	44.19	29.56	73.75	43,400
E	1806.42	1896.56	54.01	36.13	90.14	27,130
F	2134.86	2241.39	63.83	42.70	106.53	13,200
G	2463.30	2586.22	73.65	49.27	122.92	7,280
H	2955.96	3103.46	88.38	59.12	147.50	570
						379,430

Precept Amounts

	Amount	Collection	Amount
	Collected	Fund	Actually
	£	Surplus/	Due
		(Deficit)	£
Amber Valley	64,989,028	271,749	65,260,777
Bolsover	35,880,544	47,842	35,928,386
Chesterfield	47,239,580	-72,366	47,167,214
Derbyshire Dales	47,820,688	-907,619	46,913,069
Erewash	53,550,668	-672,355	52,878,313
High Peak	49,337,255	63,370	49,400,625
North East Derbyshire	51,284,459	657,269	51,941,728
South Derbyshire	60,221,090	399,926	60,621,016
	410,323,312	-212,184	410,111,128

SERVICE PRESSURES 2024-25

Summary

The table below summarises total Departmental service pressures in 2024-25:

	2024-25 Ongoing Pressures £m	2024-25 One-Off Pressures £m	2024-25 One-Off Contingency Pressures £m	2024-25 Total Pressures £m
Adult Social Care and Health	13.676	0.920	0.000	14.596
Children's Services	6.464	0.000	10.000	16.464
Place	11.299	2.458	0.000	13.757
Corporate Services and Transformation	2.821	3.909	0.000	6.730
Total 2024-25 Departmental Service Pressures	34.260	7.287	10.000	51.547

By Department

The tables below list 2024-25 service pressures by Department, with further descriptions of the service pressures under the tables:

Adult Social Care and Health (ASCH) 2024-25 Service Pressures

	2024-25 Ongoing Pressures £m	2024-25 One-Off Pressures £m	2024-25 Total Pressures £m
ASCH Inflation Pressures			
Care Provider (PVI) Annual Fee Uplifts	13.174	0.000	13.174
Catering	0.000	0.200	0.200
Total ASCH Inflation Pressures	13.174	0.200	13.374
Other ASCH Pressures			
Core Case Management System (MOSAIC) Revised Hosting Arrangements	0.375	0.000	0.375
Demographic Growth/Demand 65+	-1.959	0.000	-1.959
Demographic Growth/Demand Working Age	1.918	0.000	1.918
Digital Social Care Record	0.168	0.051	0.219
Derbyshire Discretionary Fund (DDF)	0.000	0.669	0.669
Total ASCH Other Pressures	0.502	0.720	1.222
Total 2024-25 ASCH Pressures	13.676	0.920	14.596

Inflation - Care Provider (PVI) Annual Fee Uplifts - £13,174,000 inflation ongoing

The Council is required to annually review its contract fee rates paid to external care providers to ensure that they are set at a level which allows for a sustainable care market. This review needs to take account of the cost pressures facing care providers - generally a mix of wage and price inflation. The National Living Wage has been announced as £11.44 per hour from April 2024 (an increase of 9.8%) and recent inflation pressures are also reflected into the annual fee uplift.

Inflation – Catering - £200,000 inflation one-off

High levels of inflationary pressures are still being experienced in relation to food purchases (mainly care homes).

Core Case Management System (MOSAIC) Revised Hosting Arrangements - £375,000 ongoing

Additional contract costs of the core case management system (MOSAIC) for Adult and Children's Social Care. This reflects revised hosting arrangements for the system to enhance system stability. This is a continuation and the final year of a service pressure approved in the 2023-24 budget.

Demographic Growth/Demand 65+ - £1,959,000 reduction (negative pressure) ongoing

Underlying demographic growth pressures remain in Adult Care, including an increase in the 75+ population (projected increases of between 2% and 3% over the next few financial years). However, demand for services is affected by charging policies. It is anticipated that the revised charging policy for non-residential care will impact on customer numbers supported by the local authority, with more customers making their own arrangements for care at home.

Demographic Growth/Demand Working Age - £1,918,000 increase (pressure) ongoing

More adults with disabilities are accessing services, together with an increase in the complexity of cases, including for young adults transitioning from children's services to adult care.

Digital Social Care Record - £168,000 ongoing, £51,000 one-off

The Government's Digitising Social Care Programme officially launched towards the end of 2022. A Digital Social Care Record allows for the digital recording and sharing of care information relating to the care received by an individual within a social care setting and is a statutory requirement. The Council will need to procure a digital solution with a one-off cost for smartphones.

Derbyshire Discretionary Fund (DDF) - £669,000 one-off

The DDF is a financial assistance scheme to residents of Derbyshire who meet eligibility criteria. The scheme has catered for significant additional demand using time-limited Covid-19 funds including the Household Support Fund. A review of the scheme is underway with a view to aligning the level of assistance to the original base budget. The details of the review were reported to Cabinet in January 2024. The one-off funding will allow for a managed response to reduced eligibility and to the implementation of a scaled down scheme.

Children's Services (CS) 2024-25 Service Pressures

	2024-25 Ongoing Pressures £m	2024-25 One-Off Contingency Pressures £m	2024-25 Total Pressures £m
CS Inflation Pressures			
Home to School Transport	1.479	0.000	1.479
Children's Social Care	4.985	0.000	4.985
Total CS Inflation Pressures	6.464	0.000	6.464
CS Contingency Pressures			
Children's Social Care Demography Contingency	0.000	10.000	10.000
Total CS Contingency Pressures	0.000	10.000	10.000
Total 2024-25 CS Pressures	6.464	10.000	16.464

Inflation - Home to School Transport - £1,479,000 inflation ongoing

To fund the rising cost of bus and taxi contracts as a result of inflation and other changes within the transport market.

Inflation - Children's Social Care - £4,985,000 inflation ongoing

To fund inflationary uplifts in allowances paid to carers, placement fees and other support services.

Children's Social Care Demography Contingency - £10,000,000 contingency one-off

The demand pressures on the Council's budgets and the financial pressures associated with this have been highlighted throughout this report. Children's social care, in particular, has experienced significant rising demographic demand for its services in recent years. Whilst Children's Services has plans to mitigate the cost of the additional demographic demand it has experienced in 2023-24, over and above that provided in the 2023-24 budget, it is possible that these mitigation plans may not be fully effective in countering both 2023-24 demand and forecast 2024-25 demand. The 2024-25 Revenue Budget therefore includes a one-off £10,000,000 contingency budget, to be funded from reserves, which may only be requested by Children's Services in exceptional circumstances, should social care demographic demand experienced be unmanageable within the context of the 2024-25 budget. In such circumstances, Children's Services will be required to request the funding and provide evidence to demonstrate mitigation progress and results. The Head of Paid Service and Director of Finance & ICT will be responsible for making the decision on the allocation of budgets.

Place 2024-25 Service Pressures

	2024-25 Ongoing Pressures £m	2024-25 One-Off Pressures £m	2024-25 Total Pressures £m
Place Inflation Pressures			
Local Bus	1.800	0.000	1.800
Waste	3.608	0.000	3.608
Business Rates	0.002	0.000	0.002
Total Place Inflation Pressures	5.410	0.000	5.410
Other Place Pressures			
Countryside Structures	0.089	0.093	0.182
Highways Revenue Rebase Budget	5.800	0.000	5.800
Ash Dieback – Via Gellia	0.000	0.550	0.550
Buxton Museum (Decant & Dry Rot investigation)	0.000	0.215	0.215
Highways Depot Maintenance	0.000	1.600	1.600
Total Place Other Pressures	5.889	2.458	8.347
Total 2024-25 Place Pressures	11.299	2.458	13.757

Inflation – Local Bus - £1,800,000 inflation ongoing

The supported local bus network of some 80 services was re-tendered in August 2022 and a significant increase of almost 50% in cost has been experienced due to inflationary pressures. These services are for routes which are not commercially viable and typically in rural communities, evening and weekend services. These costs are being passed onto the Council as otherwise there would be a risk that the bus operators would withdraw the service and leave large areas of Derbyshire without bus services.

Inflation – Waste - £3,608,000 inflation ongoing

The Council is a statutory Waste Disposal Authority and has a legal obligation to make arrangements to treat and dispose of all household waste arising across the county. Under each contract for the disposal or treatment of waste, inflationary pressures are passed to the Council, as is standard for this type of contract. There are a number of different inflation indices used (such as the Consumer Price Index and Retail Price Index), and these are applied to the contracts based on the value of these indices each January. Inflation has had a significant impact on the cost of this service.

Inflation - Business Rates - £2,000 inflation ongoing

To increase the property business rates budget to reflect the 2024-25 increase in the Business Rates Multiplier, which is used to increase business rates.

Countryside Structures - £89,000 ongoing, £93,000 one-off

Following an audit report in July 2023 of the Countryside structural assets, a plan is being prepared to address the most urgent structural repair requirements and an inspection schedule developed to monitor all 300+ structures within the Countryside service. Funding is required to establish a Project Engineer post and to undertake these inspections and maintenance on the structural assets.

Highways Revenue Rebase Budget - £5,800,000 ongoing

As a Highways Authority the Council has a statutory duty to maintain highways. Current budgets to deliver this duty were set on an historic organisational structure with an income target that is not achievable with the current level of staff resource. In addition the state of the highways network has been deteriorating for a number of years (a national issue) and severe weather leads to higher maintenance costs. The current delivery model is being redesigned through the 'Derbyshire Highways Programme' (formerly the 'Future Highways Model') to ensure value for money.

Ash Dieback – Via Gellia - £550,000 one-off

The Council is currently delivering the Ash Dieback Action Plan to manage this increasingly prevalent tree disease in Derbyshire. A survey undertaken as part of this work has identified a 4.3 mile section of the A5012 Via Gellia road where the Ash trees have advanced stages of the disease and action is required to remove them.

Buxton Museum (Decant & Dry Rot investigation) - £215,000 one-off

Buxton Museum and Art Gallery was temporarily closed in June 2023 following investigations which revealed dry rot in some of the building's structural timbers. The most affected areas have been decanted to allow further intensive investigations to be carried out by experts to assess the extent of the issue. Alternative ways of delivering the service and storing artefacts are being explored to ensure the Council is compliant with its legal duties around this service. This funding is for delivering the service and/or storing artefacts in 2024-25.

Highways Depot Maintenance - £1,600,000 one-off

Planned works to maintain the Highways Depots has not been undertaken for a number of years, with only emergency works carried out as required. This has led to significant deterioration in the overall condition of the depots. The Council has a legal responsibility to ensure the depots, as workspaces, are safe for use and fit for purpose. This funding will prevent further asset deterioration and allow continuity of the Highways service.

Corporate Services and Transformation (CST) 2024-25 Service Pressures

	2024-25 Ongoing Pressures £m	2024-25 One-Off Pressures £m	2024-25 Total Pressures £m
CST Inflation Pressures			
Business Rates	0.144	0.000	0.144
Property - Gas and Electricity Price	2.677	0.000	2.677
Property - Cleaning and Caretaking Price Uplift	0.000	0.445	0.445
Total CST Inflation Pressures	2.821	0.445	3.266
Other CST Pressures			
ICT – EDRM (Electronic Data Records Management) System Upgrade	0.000	0.550	0.550
ICT – Telephony	0.000	0.180	0.180
Property - Asbestos Residue Removal	0.000	0.120	0.120
Property - Corporate Maintenance Budget Increase	0.000	0.500	0.500
Property - County Hall Winter Gardens Remedial Works	0.000	0.265	0.265
Property - Decommissioning, Dilapidations and Staff Relocations	0.000	0.500	0.500
Property - Glazing Surveys	0.000	0.220	0.220
Property - Ilkeston Library External Maintenance Works	0.000	0.350	0.350
Property - Planned Preventative Asset Maintenance Budget Increase	0.000	0.500	0.500
Corporate - Amortisation of Premiums	0.000	0.279	0.279
Total CST Other Pressures	0.000	3.464	3.464
Total 2024-25 CST Pressures	2.821	3.909	6.730

Inflation - Business Rates – £144,000 inflation ongoing

To increase the property business rates budget to reflect the 2024-25 increase in the Business Rates Multiplier, which is used to increase business rates.

Inflation - Property - Gas and Electricity Price - £2,677,000 inflation ongoing

To increase the budget to pay for the increased cost of energy in line with inflation.

**Inflation - Property - Cleaning and Caretaking Price Uplift - £445,000
inflation one-off**

To uplift the cost of the Council's cleaning and caretaking budget in line with the National Living Wage uplift.

Information, Communications Technology – EDRM (Electronic Data Records Management) System Upgrade - £550,000 one-off

The EDRM system, which supports the safeguarding and storage of around 10 million Council documents, needs upgrading due to end-of-life software and hardware. Of this bid, £150,000 will cover the cost of upgrade and £400,000 will fund annual support and maintenance.

Information, Communications Technology – Telephony - £180,000 one-off

Replacement of the current telephony contract, which expires in February 2024, with a cloud-based solution. The bid will cover the migration and set-up costs of the new service.

Property - Asbestos Residue Removal - £120,000 one-off

To fund the removal of asbestos residue within Council buildings.

Property - Corporate Maintenance Budget Increase - £500,000 one-off

To fund the day-to-day reactive maintenance of buildings, servicing of boilers, lifts etc. to ensure compliance with health and safety.

Property - County Hall Winter Gardens Remedial Works - £265,000 one-off

To carry out essential health and safety works to the Winter Gardens whilst the Council awaits the outcome of wider County Hall proposals.

Property - Decommissioning, Dilapidations and Staff Relocations - £500,000 one-off

To fund relocation of staff, clearing sites of unwanted furniture and equipment, security and other costs associated with the closure of surplus buildings.

Property - Glazing Surveys - £220,000 one-off

To fund Glazing Surveys to comply with legislation 'Workplace (Health Safety & Welfare) Regulations 1992' (Regulation 14)'.

Property - Ilkeston Library External Maintenance Works - £350,000 one-off

To carry out essential maintenance to the listed building.

Property - Planned Preventative Asset Maintenance Budget Increase - £500,000 one-off

To proactively look after the Council's buildings (gutter clearing, drainage works etc.) to prevent failure and to ensure that they are water-tight and safe.

Corporate - Amortisation of Premiums - £279,000 one-off

Premiums or discounts, incurred on the early repayment of loan debt are taken immediately to the Financial Instrument Account Adjustment (FIAA) reserve. The balance on the FIAA reserve is released as a charge to the General Reserve by spreading the premiums or discounts over the remaining term of the original loan. This is the charge scheduled for 2024-25.

APPENDIX SIX: BUDGET SAVINGS PROPOSALS 2024-25 to 2028-29

Saving Type	TOTAL £m	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m
Savings Proposals	60.511	31.939	18.875	8.246	1.259	0.192
Adjustment for Prior Year One-Off Savings	(2.028)	0.000	(1.528)	(0.188)	(0.156)	(0.156)
Vacancy Factor	8.129	8.129				
TOTAL	66.612	40.068	17.347	8.058	1.103	0.036

ALL Savings			Saving Profile				
Department	Saving Type	TOTAL £m	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m
ASCH	Ongoing	37.156	18.212	13.288	4.717	0.920	0.020
	One-Off	0.812	0.812				
	TOTAL	37.968	19.024	13.288	4.717	0.920	0.020
Childrens	Ongoing	18.340	12.447	3.226	2.667		
	One-Off	0.113	0.081	0.032			
	TOTAL	18.453	12.528	3.258	2.667	0.000	0.000
CST	Ongoing	7.408	5.211	1.595	0.506	0.096	
	One-Off	0.590	0.590				
	TOTAL	7.998	5.801	1.595	0.506	0.096	0.000
Place	Ongoing	3.550	2.670	0.578	0.200	0.087	0.015
	One-Off	0.670	0.045	0.156	0.156	0.156	0.157
	TOTAL	4.220	2.715	0.734	0.356	0.243	0.172
TOTAL	Ongoing	66.455	38.540	18.687	8.090	1.103	0.035
	One-Off	2.185	1.528	0.188	0.156	0.156	0.157
	<i>Adjust Prior Year One-Offs</i>	<i>(2.028)</i>		<i>(1.528)</i>	<i>(0.188)</i>	<i>(0.156)</i>	<i>(0.156)</i>
	TOTAL	66.612	40.068	17.347	8.058	1.103	0.036

ADULT SOCIAL CARE AND HEALTH (ASCH) SAVINGS PROPOSALS

Savings Ref ID	Title	Description	Consultation Requirements		Saving Type (Ongoing / One-Off)	TOTAL Full Year Effect £m	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m
			Public	Employee							
ASCH1	COMF Grant - supporting eligible services	Use £500,000 one off funding from the Government to support adult social care services recover from the longer-term impacts of the Covid pandemic.	No	No	One-Off	0.500	0.500				
ASCH2	Low Level Support Services	Adult Social Care has a number of service modernisation initiatives and savings proposals that are already underway. These have all followed due process and are already in the public domain. These include short term services redesign, changes to the charging policy for people receiving Adult Social Care support in the community, assistive	Yes	No	Ongoing	1.300	0.100	0.300	0.000	0.900	

		technology, whole life disability pathway, and low level support services.									
ASCH3a	Short Breaks and Day Opportunities for People with A Learning Disability and/or Who Are Autistic (Residential)	To ensure the sustainability of Adult Social Care support now and in the future, approval will be sought to publicly consult on a redesign of the current Council owned direct care offer of five short stay residential homes and four building-based day centres for people with a learning disability and/or who are autistic. Adult Social Care will seek to ensure that any proposals made for the redesign of the direct care services offer includes a enablement, reablement and progression emphasis	Yes	Yes	Ongoing	1.169	0.300	0.217	0.652		

		to enable people to plan for their future and to be supported to become as independent as they are able to be, with the aim of improving outcomes for local residents and ensuring the most efficient use of public money.									
ASCH3b	Short Breaks & Day Opportunities for People with A Learning Disability &/or Who Are Autistic (Day Centres)	To ensure the sustainability of Adult Social Care support now and in the future, approval will be sought to publicly consult on a redesign of the current Council owned direct care offer of five short stay residential homes and four building-based day centres for people with a learning disability and/or who are autistic. Adult Social Care will seek to ensure that any proposals made for the	Yes	Yes	Ongoing	1.170	0.200	0.243	0.728		

		redesign of the direct care services offer includes a enablement, reablement and progression emphasis to enable people to plan for their future and to be supported to become as independent as they are able to be, with the aim of improving outcomes for local residents and ensuring the most efficient use of public money									
ASCH4	Whole Life Disability Pathway	Adult Social Care has a number of service modernisation initiatives and savings proposals that are already underway. These have all followed due process and are already in the public domain. These include short term services redesign, changes to the charging policy for people receiving Adult Social Care support in the community, assistive technology, whole life	No	No	Ongoing	0.440	0.440				

		disability pathway, and low level support services.									
ASCH5	Residential Care and Day Care for Older People	To ensure the sustainability of adult social care services now and in the future, approval will be sought to publicly consult on a redesign of the services provided by the council through the 16 council-owned and managed residential care homes and ten building-based day care centres for older people. The proposed consultation would seek views on future delivery models that would ensure that care services focus on support for older people to retain or regain their	Yes	Yes	Ongoing	5.209	0.000	3.907	1.302		

		independence, to continue to live in their own homes and interact in their own communities, and when residential care is needed, a choice of quality options are available.									
ASCH6	Long Term Support for People with a Learning Disability and / or who are Autistic	The Council aims to support people with a learning disability and / or who are autistic to ensure they are able, wherever possible, to live within their local communities and not within a residential setting. Adult Social Care is focused on improving outcomes through developing practice culture, joint working and ensuring person centred planning. This is the	No	No	Ongoing	2.700	0.900	0.900	0.900		

		fourth year of this approach.									
ASCH7	Charging Policy for People Receiving Adult Social Care Support in the Community	Adult Social Care has a number of service modernisation initiatives and savings proposals that are already underway. These have all followed due process and are already in the public domain. These include short term services redesign, changes to the charging policy for people receiving Adult Social Care support in the community, assistive technology, whole life disability pathway, and low level support services.	No	No	Ongoing	12.780	8.653	4.127			

ASCH8a	Direct Payments Usage	The benefits of using Direct Payments are well known and the Care Act 2014 explicitly encourages their use, they provide increased flexibility, choice and control so that a person can put in place the care and support that works for them; often employing a personal assistant or using a small micro provider. They are also more cost efficient and can help reduce the need for more expensive residential placements. This is the third year of this approach within Adult Social Care.	No	No	Ongoing	1.300	0.600	0.700			
--------	-----------------------	--	----	----	---------	--------------	-------	-------	--	--	--

ASCH8b	Direct Payments Usage	The benefits of using Direct Payments are well known and the Care Act 2014 explicitly encourages their use, they provide increased flexibility, choice and control so that a person can put in place the care and support that works for them; often employing a personal assistant or using a small micro provider. They are also more cost efficient and can help reduce the need for more expensive residential placements. This is the third year of this approach within Adult Social Care.	No	No	Ongoing	0.500	0.500				
ASCH9	Short Term Services Redesign	Adult Social Care has a number of service modernisation initiatives and savings proposals that are already underway. These have all followed due process and are already in the public domain. These include short term services redesign, changes to the charging	No	No	Ongoing	2.088	1.110	0.978			

		policy for people receiving Adult Social Care support in the community, assistive technology, whole life disability pathway, and low level support services.									
ASCH10	Young People	The Council is aiming to ensure that all young people transitioning from Children's Services to Adult Social Care have opportunities to maximise their independence and realise their aspirations for the future. Adult Social Care is focused on improving outcomes through developing practice culture, joint working and ensuring person centred planning. This is the third year of this approach which is improving outcomes for young people by increasing their	No	No	Ongoing	0.620	0.260	0.160	0.200		

		independence and enabling them to access activities in their own communities and improve employment opportunities.									
ASCH11	Residential Care and Day Care for Older People	To ensure the sustainability of adult social care services now and in the future, approval will be sought to publicly consult on a redesign of the services provided by the council through the 16 council-owned and managed residential care homes and ten building-based day care centres for older people. The proposed consultation would seek views on future delivery models that would ensure that care	Yes	Yes	Ongoing	1.325	0.105	0.305	0.915		

		services focus on support for older people to retain or regain their independence, to continue to live in their own homes and interact in their own communities, and when residential care is needed, a choice of quality options are available.									
ASCH15	Use of Voluntary Sector Grants to Fund Discretionary Support Services	To ensure the sustainability of adult social care services now and in the future, approval will be sought to publicly consult on the current allocation of grants to the voluntary sector which support community based preventative services. The proposed consultation would also consider proposals to further ensure that all council grant funded discretionary support	Yes	No	Ongoing	0.881	0.284	0.597			

		services, delivered by voluntary organisations, focus on supporting people to retain or regain their independence, to continue to live in their own home for as long as they are able, and provide best value to ensure efficient use of public money.									
ASCH16	Review of Healthy Homes Service	To ensure the sustainability of adult social care services now and in the future a redesign of the Healthy Homes service is required. Healthy Homes was originally established to help facilitate the allocation of national energy grants to households in need. These government grants have now been discontinued and activity has progressed to focussing on other	No	Yes	Ongoing	0.370	0.000	0.370			

		works that are housing-related. It is therefore considered the service should be subject to review, with specific regard to whether the arrangements should be transferred those authorities with housing responsibilities.									
ASCH18	Reduce Investment in Prevention Schemes Including Second Homes (Housing Assistance)	Reduction in contribution to housing assistance scheme in Districts and Boroughs.	No	Yes	Ongoing	0.552	0.276	0.276			

ASCH 19	Extra Care Facilities for Older People	To ensure the sustainability of adult social care services now and in the future approval will be sought to publicly consult on a redesign of the current council-owned care and support delivery arrangements within extra care settings. Extra care housing schemes offer independent self-contained living but with the benefit of on-site care provision if needed. Currently, social care and support services are provided as a set amount for day and night cover that does not fully account for the balance of the individual needs of people living in extra care housing. The proposed consultation would follow a review of services at each of the extra care settings which will identify whether the current	No	Yes	Ongoing	0.360	0.180	0.180			
------------	---	---	----	-----	---------	--------------	-------	-------	--	--	--

		home care hours scheduled reflect the assessed needs of the residents. The consultation would include proposals as to alternative service delivery options which would ensure that the service continues to deliver appropriate support to the residents at best value to the council.									
ASCH21	Public Health Assistant Director Salary	Delay recruitment to the vacant Assistant Director in Public Health position, saving £112,000 to allow investment in other public health priority services.	No	No	One-Off	0.112	0.112				

ASCH22	NHS Health Checks and Other Activity/Prescribing Budgets 5-15% Reduction in Activity Budget For 2024/25	Reduce budgets by £81,000 across Public Health services that are traditionally underspent, to allow investment in other public health priority services.	No	No	Ongoing	0.081	0.081				
ASCH23	Early Help Pressure (Public Health)	Extend the use of £485,000 of funding from the Public Health Grant to support Early Help initiatives for children and families to allow Children's Services to invest in other priority services for a period of six months to April 2025.	No	No	Ongoing	0.485	0.485				
ASCH 24	Community Safety - Public Health Outcomes Aligned to Public Health funding	Use an additional £500,000 of the Public Health Grant to support Community Safety initiatives in relation to serious violence, domestic abuse and violence against women to release funding for investment in other priority Council services.	No	No	Ongoing	0.500	0.500				

Public – Appendix Six

ASCH25	Fees and Charges - Annual Uplift	Various minor fee lines uplifted in line with Consumer Prices Index.	No	No	Ongoing	0.144	0.056	0.028	0.020	0.020	0.020
ASCH27	Welfare Benefits Check on Customers Assessed to Pay Nil Charge	Full year, ongoing additional income under current co-funding policy	No	No	One-Off	0.200	0.200				
ASCH30	Public Health Grant Contribution to the School Improvement Service	Grant Funding	No	No	Ongoing	0.225	0.225				
ASCH - VF	Payroll Vacancy Factor	3% vacancy factor to reflect expected proportion of vacant posts due to staff turnover	No	No	Ongoing	2.957	2.957				

CHILDREN'S SERVICES SAVINGS PROPOSALS

Savings Ref ID	Title	Description	Consultation Requirements		Saving Type (Ongoing / One-Off)	TOTAL Full Year Effect £m	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m
			Public	Employee							
A CS save 2a, c-f	SCQP function efficiency savings	Removal of vacant posts in the SCQP Division	No	No	Ongoing	0.106	0.106				
B CS save 2a, c-f	Review ICT equipment and digital services across Children's Services	Repurpose unused IT equipment in the Childrens Services department that was provided during COVID to enable agile working	No	No	One-Off	0.069	0.037	0.032			
C CS save 2a, c-f	Postpone Mosaic Mobile project	Postpone Mosaic Mobile project	No	No	One-Off	0.044	0.044				
CS save 3	Review Education Psychology management structure	Removal of a post in the Education Psychology Service	No	No	Ongoing	0.090	0.058	0.032			

CS save 4	Review Quality Assurance model	Removal of post in the QA Team	No	No	Ongoing	0.064	0.035	0.029			
CS save 5i	Review of Traded Service support team management	Removal of posts in the Traded Services team	No	No	Ongoing	0.145	-0.118	0.263			
CS save 5ii	Review of wider Traded Services team	Removal of posts in the Traded Services team	No	No	Ongoing	0.170	0.121	0.049			
CS save 6i	Review of Elective Home Education service	Removal of posts in the EHE Service	No	No	Ongoing	0.100	0.100				
CS save 8i	Centralise procurement in Children's Services	More efficient and effective spend on support and services to families	No	No	Ongoing	1.100	1.100				
CS save 8iii	Review ad hoc spending to support children and families	More efficient and effective spend on support and services to families	No	No	Ongoing	2.400	2.400				

CS save 9i	Review posts across Children's Services for efficiency savings	Reduction in posts across Children's Services	No	Yes	Ongoing	2.100	2.100				
CS save 10i	Children's Centre Review	Reviewing the delivery of Children's Centres operations	Yes	No	Ongoing	0.900	0.100	-1.367	2.167		
CS save 10ii	Children's Centre Review	Exploring the sustainability of grant funding for Children's Centres	Yes	No	Ongoing	1.000	0.000	1.000			
CS save 11	Early Help Review	Review of Children's Services Early Help service	No	No	Ongoing	2.000	0.800	1.200			
CS save 12	Review home to school transport post 16 policy	Policy change Home to School Transport to be in keeping with other Local Authorities	Yes	No	Ongoing	0.500	0.000	0.500			
CS save 13	Review home to school transport contractual arrangements	Improve Home to School transport sourcing	No	No	Ongoing	0.500	0.500				

CS save 14	Review home to school transport for alternative provision	Review of decision making to enable better value for money in home to school transport	No	No	Ongoing	0.250	0.250				
CS save 15	Review fees and charges: home to school transport	Review of transport fees for home to school transport	No	No	Ongoing	0.250	0.000	0.250			
CS save 16	Review Short Break Service and support for children with a disability	Review of short break and support services for disabled children	No	No	Ongoing	1.898	1.288	0.610			
CS save 17	Review funding for all external contracts	Reviewing of funding contributions for contracted services to ensure value for money	No	No	Ongoing	0.900	0.900				
CS save 21	Review of the Educational Psychology service	Review of traded model for Educational Psychologists	No	No	Ongoing	0.700	0.000	0.200	0.500		

CS save 22	Review alternative funding source for SEND through early intervention	Review alternative funding source for SEND through early intervention	No	No	Ongoing	0.500	0.100	0.400			
CS save 23	Review school catering utilisation of grant funding	Review school catering utilisation of grant funding.	No	No	Ongoing	0.300	0.300				
CS save 24	Fees and Charges: charges for Children In Care	Exploring options in terms of recharging some families for children in care	No	No	Ongoing	0.110	0.050	0.060			
CS - VF	Payroll Vacancy Factor	3% vacancy factor to reflect expected proportion of vacant posts due to staff turnover	No	No	Ongoing	2.257	2.257				

CORPORATE SERVICES AND TRANSFORMATION (CST) SAVINGS PROPOSALS

Savings Ref ID	Title	Description	Consultation Requirements		Saving Type (Ongoing / One-Off)	TOTAL Full Year Effect £m	2024- 25 £m	2025- 26 £m	2026- 27 £m	2027- 28 £m	2028- 29 £m
			Public	Employee							
CP2	Review Rateable Values for all Assets	Review rateable values for all assets	No	No	Ongoing	0.015	0.005	0.005	0.005		
CP3	Reduce Management Costs of Industrial Estates and Continued Review of Rents.	Reduce management costs of industrial estates and continued review of rents.	Yes	No	Ongoing	0.397	0.251	0.114	0.032		
CP4	Business Rates	Review rateable values for all assets, including Business rates.	No	No	Ongoing	0.150	0.050	0.050	0.050		
CP5	Reduction in County Hall Opening Hours	Review County Hall options for opening hours, reduce operating costs and delete vacant post.	No	No	Ongoing	0.100	0.050	0.050			

CP8(18,19)	Review Facilities Management Services	Review Facilities Management Services, including deletion of vacant posts.	No	No	Ongoing	0.191	0.091	0.050	0.050		
CP16	Review And Improve Rent Roll	Review and improve rent roll	No	No	Ongoing	0.150	0.050	0.050	0.050		
CP17	Review Maintenance and Cleaning Contracts	Review maintenance and cleaning contracts to reduce costs	No	No	Ongoing	0.195	0.195				
CP20	Review Maintenance Service to Ensure Focus on Key Deliverables	Review maintenance service to ensure focus on key deliverables, including deletion of vacant posts.	No	No	Ongoing	0.141	0.141				
CP21	Review Support Services	Deletion of vacant post in Facilities Management	No	No	Ongoing	0.032	0.032				
CP22	County Hall Review	County Hall review usage and consider options	No	No	Ongoing	0.700	0.000	0.700			

CP25	Reduction In Maintenance Linked to Disposal Programme	Reduction in maintenance linked to the property disposal programme	No	No	Ongoing	0.168	0.024	0.024	0.024	0.096	
FIN10	Halt Student and Graduate Recruitment	Cessation of Graduate Recruitment	No	No	Ongoing	0.195	0.195				
FIN20a	5% Overall Budget Reduction on Finance Budget	Reduction in the Finance Service's overall budget which will be delivered through a combination of releasing existing vacant posts and not filling planned vacancies.	No	No	Ongoing	0.450	0.450				
FIN20b(i)	Further 5% Overall Budget Reduction on Finance Budget (PYE in 24/25)	Further reduction in the Finance service's overall budget this will be delivered through a combination of releasing existing vacant posts and not filling planned vacancies	No	No	Ongoing	0.450	0.225	0.225			

FIN20b(ii)	5% reduction in ICT in 2024/25	Reduction in ICT budgets	No	No	One-Off	0.590	0.590				
L4	Increase in Fees/Charges	Increase in fees/charges - within legal services.	No	No	Ongoing	0.020	0.020				
L8	Review Community Leadership Scheme	Review community leadership scheme, which is a scheme where councillors award local groups grants.	No	No	Ongoing	0.124	0.124				
L14	Review Support Services	Review support services within Member and Management Support Services.	No	No	Ongoing	0.260	0.260				
L16	Review Coroners Service	Review Coroners service to reduce costs	No	No	Ongoing	0.080	0.030	0.050			
POC1	HR Team Efficiency Opportunities	HR Team Efficiency Opportunities	No	No	Ongoing	0.802	0.230	0.277	0.295		
POC2	HR Traded Services Opportunities	Cessation of work experience service for schools within HR	No	No	Ongoing	0.139	0.139				

POC3	Review Equality, Diversity, and Inclusion resources	Review Equality, Diversity, and Inclusion resources	No	No	Ongoing	0.083	0.083				
POC4	Cease the production of Derbyshire Now magazine	Cessation of the production of Derbyshire Now magazine	No	No	Ongoing	0.090	0.090				
POC5	Call Derbyshire Opportunities	Call Derbyshire team efficiency opportunities	No	No	Ongoing	0.028	0.028				
POC6	Strategy and Policy Team budget review	Strategy and Policy Team budget review	No	No	Ongoing	0.350	0.350				
POC7	Portfolio Management and Transformation redesign	Portfolio Management & Transformation redesign	No	No	Ongoing	0.400	0.400				
CST - VF	Payroll Vacancy Factor	3% vacancy factor to reflect expected proportion of vacant posts due to staff turnover	No	No	Ongoing	1.698	1.698				

PLACE SAVINGS PROPOSALS

Savings Ref ID	Title	Description	Consultation Requirements		Saving Type (Ongoing / One-Off)	TOTAL Full Year Effect £m	2024- 25 £m	2025- 26 £m	2026- 27 £m	2027- 28 £m	2028- 29 £m
			Public	Employee							
PL001	Sustainable Travel	Sustainable travel - use Government grant money instead of county council core funds to pay for up to 2 existing members of staff.	No	No	Ongoing	0.088	0.000	0.088			
PL002	Strategic Transport EMCCA	Strategic transport - transfer the development of the Local Transport Plan to the East Midlands Combined County Authority.	No	No	Ongoing	0.089	0.000	0.089			
PL003	Household Waste Recycling Centres material charges	Household Waste Recycling Centres - proposals to restrict or charge for the disposal of tyres and asbestos, and generate income by offering small businesses the opportunity to use the centres for a fee.	Yes	No	Ongoing	0.069	0.032	0.037			

PL006	Library and Heritage Strategy	Library and Heritage Service - savings to be achieved through modernising, rationalising and transforming the way in which the Council delivers its library and heritage services	Yes	Yes	One-Off	0.625	0.000	0.156	0.156	0.156	0.157
PL007	Performance, Governance, and Improvement	Performance, Governance & Improvement Service - savings to be achieved through removal of vacant post and ceasing non-essential activity	No	No	Ongoing	0.050	0.050				
PL008	Increase Vehicle Fleet Income	Revised income target for commercial work undertaken by County Transport	No	No	Ongoing	0.120	0.120				
PL009	Derbyshire Connect Buses	Derbyshire Connect bus services - proposal to use external grant funding to replace county council core funding.	No	No	Ongoing	0.126	0.126				

PL010	Companion Bus Pass	Companion bus pass - proposal to use external government grant funding (BSIP) to replace county council core funding for the pilot of a bus pass for companions of severely disabled people.	No	No	Ongoing	0.150	0.150				
PL011	Trading Standards	Trading Standards Service - savings to be achieved through removal of vacant post	No	No	One-Off	0.045	0.045				
PLB03	Economic Development	Economic development - permanently remove two vacant posts. Further savings resulting from shared activity through the East Midlands Combined County Authority.	No	No	Ongoing	0.123	0.000	0.062	0.061		
PLB04	Markham Vale Business Park Review	Markham Vale business park - savings to be achieved as part of a fundamental review of the long term options on the future	No	No	Ongoing	0.063	0.000	0.000	0.063		

		of the business park and environment centre.									
PLB05	Climate Change Reduced Service	Climate Change - reduction in funding for climate change initiatives and review of Derbyshire Environmental Studies Service provision	No	No	Ongoing	0.283	0.283				
PLB06	Climate Change Reduced Staffing Levels	Removal of vacant post within the Climate Change Team	No	No	Ongoing	0.043	0.043				
PLB07	DVMWHS Site Reduction in County Council Contribution	Derwent Valley Mills World Heritage Site - working closely with partners, replace an element of county council spend with external funding	No	No	Ongoing	0.048	0.048				
PLB08	Revise approach to delivery of the Tree and Woodland Strategy	Derbyshire's tree and woodland strategy - use grant money to deliver projects instead of council funding .	No	No	Ongoing	0.071	0.071				

PLB09	Countryside Service Strategy	Countryside Services Strategy - development of additional income streams and review of fees and charges throughout the Countryside Service	No	No	Ongoing	0.462	0.102	0.227	0.061	0.072	
PLB10	Countryside Service Reduction in Grounds Maintenance	Countryside Services - reduction of grounds maintenance budget	No	No	Ongoing	0.300	0.300				
PLB12	Street Lighting Cost Transfer	Streetlights - agreement with district and borough councils on the transfer of responsibility for streetlighting energy cost for their assets	No	No	Ongoing	0.060	0.000	0.060			
PLB13	Street Lighting Change of Service	Traffic Signs and Bollards - convert illuminated signs and bollards to non illuminated or LED to achieve energy savings	No	No	Ongoing	0.060	0.000	0.015	0.015	0.015	0.015
PLB17	Highways Winter Service Efficiencies	Winter Service efficiencies through technology improvements	No	No	Ongoing	0.113	0.113				

PLB19	Removal of Contribution to Bolsover Countryside Partnership	Agreement with partner organisations to reduce the County Council contributions to Bolsover Countryside Partnership	No	No	Ongoing	0.014	0.014				
PL - VF	Payroll Vacancy Factor	3% vacancy factor to reflect expected proportion of vacant posts due to staff turnover	No	No	Ongoing	1.218	1.218				

FIVE YEAR FINANCIAL PLAN for 2024-25 to 2028-29					
	2024-25	2025-26	2026-27	2027-28	2028-29
	£m	£m	£m	£m	£m
FUNDING					
Business Rates and Government Grants					
Business Rates	18.418	18.816	19.223	19.637	20.060
Top-Up	101.909	104.966	107.065	109.206	111.391
Revenue Support Grant	16.755	16.755	16.755	16.755	16.755
Improved Better Care Fund	35.733	35.733	35.733	35.733	35.733
New Homes Bonus	0.843	0.581	0.319	0.057	0.000
General Grant	99.292	98.572	98.572	98.572	98.572
PFI Grant	10.504	10.504	10.504	10.504	10.504
Sub Total	283.454	285.927	288.171	290.465	293.014
Council Tax	410.111	424.469	438.571	453.141	468.196
Use of Reserves	21.205	5.690	0.929	0.431	0.330
TOTAL FUNDING	714.770	716.087	727.670	744.036	761.540
EXPENDITURE:					
Base Budget	654.839	696.059	711.637	726.741	743.605
Business Rates Price Inflation	0.146	0.150	0.153	0.156	0.160
Pay Award (including Living Wage)	16.611	13.943	5.892	6.009	6.109
Debt Charges	9.845	6.448	3.225	3.250	2.750
Interest and Dividend Income	0.916	3.747	0.000	0.000	0.000
Funding Changes	13.544	0.000	0.000	0.000	0.000
Ongoing Service Pressures (see below)	6.391	2.896	7.498	5.821	5.961
Ongoing Service Pressures Inflation (see below)	27.723	5.741	2.168	2.190	2.208
Budget Savings Identified	-40.068	-17.347	-8.058	-1.103	-0.036
Risk Management Budget	6.112	0.000	4.226	0.541	0.453
	696.059	711.637	726.741	743.606	761.210
One-off Expenditure:					
One-off Revenue Support	18.710	2.950	0.929	0.431	0.330
Elections	0.000	1.500	0.000	0.000	0.000
	18.710	4.450	0.929	0.431	0.330
Further Budget Savings Required	0.000	0.000	0.000	0.000	0.000
TOTAL EXPENDITURE	714.770	716.087	727.670	744.036	761.540
Ongoing Base Budget	696.059	711.637	726.741	743.605	761.210

**Public
Appendix Seven**

Assumptions	2024-25	2025-26	2026-27	2027-28	2028-29
Price Inflation	4.20%	3.00%	2.00%	2.00%	2.00%
Pay Award	6.30%	5.00%	2.00%	2.00%	2.00%
Business Rate Growth	2.00%	2.00%	2.00%	2.00%	2.00%
BR Taxbase (£m)	19.918	20.316	20.723	21.137	21.560
BR Collection Fund Position (£m)	-1.500	-1.500	-1.500	-1.500	-1.500
Top Up Increase	4.23%	3.00%	2.00%	2.00%	2.00%
Council Tax Increase	4.99%	2.00%	2.00%	2.00%	2.00%
CT Taxbase Change	1.26%	1.30%	1.30%	1.30%	1.30%
CT Taxbase	264,430	267,867	271,349	274,877	278,450
CT Collection Fund Position (£m)	-0.212	0.500	0.500	0.500	0.500
Council Tax (£/Band D)	1,551.73	1,582.76	1,614.42	1,646.70	1,679.64
Ongoing Service Pressures					
Older People Demography (65+)	-1.959	0.623	3.393	3.478	3.565
Transitions from Childrens/Demand	1.918	1.952	1.987	2.023	2.060
Digital Social Care Record	0.168	0.000	0.000	0.000	0.000
MOSAIC Hosting Arrangements	0.375	0.000	0.000	0.000	0.000
DDF - Demand/Revised Scheme	0.000	0.000	0.813	0.000	0.000
Children's Social Care - Demography	0.000	0.000	0.000	0.000	0.000
Pension Fund	0.000	0.000	1.000	0.000	0.000
Highways Revenue - re-base budget	5.800	0.290	0.305	0.320	0.336
Countryside Structures	0.089	0.031	0.000	0.000	0.000
	6.391	2.896	7.498	5.821	5.961
Ongoing Departmental Inflation Pressures					
Contract Fees Paid to Care Providers	13.174	5.741	2.168	2.190	2.208
Children's Social Care	4.985	0.000	0.000	0.000	0.000
Home to School Transport	1.479	0.000	0.000	0.000	0.000
Gas and Electricity Price Inflation	2.677	0.000	0.000	0.000	0.000
Local Bus	1.800	0.000	0.000	0.000	0.000
Waste	3.608	0.000	0.000	0.000	0.000
	27.723	5.741	2.168	2.190	2.208

**Public
Appendix Seven**

Ongoing Corporate Inflation Pressures	2024-25	2025-26	2026-27	2027-28	2028-29
Risk Management Budget Reimbursement	6.112	0.349	5.466	0.006	-0.099
	6.112	0.349	5.466	0.006	-0.099
Pay Award	16.611	13.943	5.892	6.009	6.109
	16.611	13.943	5.892	6.009	6.109
One-Off Service Pressures					
DDF - Demand/Revised Scheme	0.669	1.421	0.000	0.000	0.000
Digital Social Care Record	0.051	0.000	0.000	0.000	0.000
Apex Renewal of Contract	0.000	0.500	0.000	0.000	0.000
Decommissioning, Dilapidations, Relocation	0.500	0.000	0.000	0.000	0.000
Glazing Surveys	0.220	0.000	0.000	0.000	0.000
Asbestos Residue Removal	0.120	0.000	0.000	0.000	0.000
Corporate Maintenance	0.500	0.000	0.000	0.000	0.000
Planned Preventative Maintenance	0.500	0.400	0.300	0.200	0.100
County Hall Winter Gardens remedial works	0.265	0.000	0.000	0.000	0.000
Ilkeston Library external maintenance works	0.350	0.000	0.000	0.000	0.000
EDRM System Upgrade	0.550	0.400	0.400	0.000	0.000
Telephony	0.180	0.000	0.000	0.000	0.000
Amortisation of Premiums	0.279	0.229	0.229	0.231	0.230
Decant Buxton Museum - Dry Rot Investgn	0.215	0.000	0.000	0.000	0.000
Highways Depot Maintenance	1.600	0.000	0.000	0.000	0.000
Countryside Structures	0.093	0.000	0.000	0.000	0.000
Ash Dieback - Via Gellia	0.550	0.000	0.000	0.000	0.000
	6.642	2.950	0.929	0.431	0.330
One-Off Inflation Pressures					
Inflation - Direct Care premises/transport/catering	0.200	0.000	0.000	0.000	0.000
Inflation - Cleaning & Caretaking	0.445	0.000	0.000	0.000	0.000
	0.645	0.000	0.000	0.000	0.000
One-Off Contingency Service Pressures					
Children's Social Care - Demography	10.000	0.000	0.000	0.000	0.000
	10.000	0.000	0.000	0.000	0.000
One-Off Corporate Pressures					
Debt Charges	1.423	0.000	0.000	0.000	0.000
	1.423	0.000	0.000	0.000	0.000

Equality Impact Analysis Record Form - Derbyshire County Council – Budget 2024-25

Introduction and context

Policy/ Service under review/ subject to saving		Revenue Budget 2024-25			
Department/ Corporate		ALL			
Lead officer		Mark Kenyon, Director of Finance and ICT			
EIA Team:		Mark Kenyon – Director of Finance and ICT David Catlow – Assistant Director, Finance Mary Fairman - Assistant Director, Legal Services Jeanette Bloor – Principal Solicitor, Legal Services Heather Green – Head of Financial Management and Strategy John Cowings – Principal Policy Officer, Equalities Angela Beighton – Assistant Director, Children’s Services Linda Elba-Porter – Director, Adult Social Care David Massey – Head of Performance, Governance & Improvement, Place Mandy Cann – Senior Communications Officer Lorraine Booth – Head of HR Operations Louise Bennett – Head of Portfolio Management Office			
Date analysis commenced:	December 2023	Date completed:	January 2024	Date approved:	January 2024

Part 1. About the service/ policy or function and the reason for the EIA

What is the purpose of the service, policy or function? Please describe briefly the service etc

This EIA is intended to examine the overall proposed Revenue Budget for Derbyshire County Council for 2024/25 which will impact services across the Council. It will consider whether the setting of the budget is likely to affect particular groups of service users, residents and employees, and whether these are likely to have protected characteristics and experience other inequality, in line with the requirements of the Equality Act 2010. It will seek to highlight any concerns over the possible impacts for groups of people and communities in Derbyshire, where these are likely to be negative, adverse or could be deemed to be unfair or discriminatory.

The budget proposals include a number of possible savings options (Listed in Appendix Six) which will either require, or have already been subject to, full public consultation and detailed Equality Impact Assessments. This overall budget EIA does not therefore seek to consider the individual impacts of specific proposals as this has been, or will be, considered separately for each proposal.

Are there any proposals to change these? What are these? e.g. budget reduction, staffing re-organisation, service eligibility.....

The Council's Five Year Financial Plan (FYFP) has identified that the Council will need to make savings of around £40m in 2024/25. Over the period of the FYFP, further efficiencies of approximately £17m are forecast to be required in future years to balance the budget. These estimates are based on current assumptions and estimates regarding demographic growth, demand, pay and price inflation, and funding levels, but these figures are likely to change over time.

The budget proposals for 2024/25 include a range of planned savings. These savings proposals will be subject to separate EIAs, together with public and/or employee consultation where required. This EIA does not therefore seek to consider each proposal in detail but considers the overall budget proposals in more general terms in section 3. The budget savings proposals are detailed in a report to Cabinet on 11 January 2024 and were considered by the Improvement and Scrutiny Committee - Resources, on 22 January 2024. Separate reports and decisions will be required to implement proposals that impact on service delivery or significant numbers of employees.

In addition to savings proposals, there are a number of areas where additional expenditure is being requested as part of the budget for 2024/25 due to increased costs, statutory requirements, demand and demographic pressures. These areas of additional expenditure are also considered in section 3 below.

Have previous changes been made due to budget savings or restructuring and did they have any adverse impact upon your customers or employees etc? Please describe any potential cumulative impact or impact arising out of other proposals elsewhere to ensure this EIA alerts decision makers to the full context for any proposals now being made.

An EIA is undertaken each year alongside the annual revenue budget proposals, with separate EIAs required for any significant savings proposals and changes to service delivery. Previous budget EIAs have identified that budget proposals were expected to impact on services to older people, younger people and families, and disabled people. As a large proportion of the local residents we support and our workforce are women, budget proposals have also previously been expected to impact to a greater extent on women. Some of the planned savings for 2024/25 relate to services that have been subject to consultation during 2023 (Adult Social Care Charging Policy and Household Waste Recycling), with EIAs undertaken alongside consultation. EIAs for each saving proposal will need to consider the potential cumulative impact of previous service changes and other proposals within the budget 2024/25.

Part 2. Supporting evidence about impact

What is presently known about how the current service or policy impacts upon people with a protected characteristic, people from disadvantaged communities, armed forces personnel and other groups outlined in the Council's guidance for EIAs?

Age

The nature of our functions and areas of responsibility as a County Council mean we provide a number of services to older people, younger people and families. Those services which are intended to provide support are provided primarily by two departments– Adult Social Care and Health, and Children's Services. These departments have the largest total budgets. The other departments also provide some services which the public use but which, if altered, can specifically lead to implications for people of different ages, such as public transport, libraries and consumer protection.

The Council has an older workforce, with an average age of 47.9 years. The authority will seek to use a range of measures, wherever possible, to mitigate against compulsory redundancy. This is subject to age and status restrictions, affordability, through the impact on the budget and pension fund, and the need to retain skills in some areas. This policy has helped to avoid forcibly making workers redundant. Over recent years the number of employees retiring or taking advantage of the voluntary schemes has helped avoid enforced redundancies.

Disability

The functions and responsibilities of the County Council means we provide support to disabled people, carers and the families of disabled people. Any changes proposed will be subject to full public consultation and a further more detailed Equality Impact Analysis.

The number of employees who have declared a disability makes up around 4.9% of the Council's total workforce and due regard will need to be given to this within the individual proposals.

Gender (Sex)

Local residents who are women are more likely to feature as carers, as residents of care homes/ user of older person services, user of libraries, benefit from community safety services and protection type services, and as a parent needing support.

With women making up 79% of Council employees, and a similar proportion of part-time workers, budget proposals which would alter staffing structures, numbers, working hours or duties could adversely affect men and women differently. Whilst staffing reductions might be in proportion to the size of the male or female workforce in the Council, the fact that the authority employs many more women, will mean that women are likely to be affected in greater numbers, and to a greater degree in the case of part-time and lower paid employees' e.g. care workers.

Gender re-assignment

The incidence of gender re-assignment is rarely monitored but we do know that the number of people to whom this applies is increasing in the UK. This makes it difficult to gain accurate figures for the numbers of residents and people who use our services, who have or are undergoing gender re-assignment. We do know that a small number of services work with people who have this protected characteristic as a target group, such as community safety, to tackle issues such as hate crime, or public health services in relation to well-being or sexual health. As an employer we are becoming increasingly experienced in supporting people who transition. This means that amongst our residents and people who use our services, people with this protected characteristic will be represented and could be additionally affected in some cases.

Marriage and civil partnership

The public sector duties in relation to marriage and civil partnership seek to ensure that anyone in a civil partnership does not experience less favourable treatment than those who have entered into a marriage. There are few areas where benefits accrue on the basis of marriage rather than co-habiting or having a civil partnership and therefore the issue of marriage and civil partnership is unlikely to feature highly when considering the impact of budget proposals, and there is unlikely to be a measurable adverse impact.

Pregnancy and maternity

As many of our local residents are women, and as women represent a large proportion of Council employees, pregnant women and new mothers could be impacted by the budget proposals, particularly where these proposals relate to services for Children and Families.

Race

When compared to the nearby cities of Derby, Nottingham, Sheffield, and Manchester/ Stockport, which are within easy reach of Derbyshire, the county has a lower than average population of people from a BME background. Derbyshire's BME population is spread across a broad range of different racial and ethnic groups, including people from the EU and Eastern Europe, from Black, Chinese and Asian communities. Over the last decade the Council has invested in developing consultation with BME based community and voluntary organisations, establishing the BME Community Forum. This Forum has worked closely in the past with Adult Social Care to improve understanding of the needs of BME customers, and ensure services are culturally sensitive to their needs. This work has also meant that funding has been made available to help develop the capacity of BME community and voluntary sector organisations. Proposals within the budget plans for 2024-25 could impact adversely upon BME households, but to a similar degree to non-BME households, and are dependent upon the extent to which those households use or engage currently with service. Around 5.7% of the Council's workforce is from a BME community. This rate has only increased very slowly and by a small amount over the last decade.

Religion and belief, including non-belief

Religion and belief, including non-belief, can often mean that people will have different cultural or dietary needs, which as service users, will need to be met or taken regard of. Faith often features as an issue in relation to schooling, school transport, or the services which are provided to people we support or care for, and services which work in communities tackling abuse or exclusion. Proposals to change services in these areas could have impacts on people with different religions and beliefs.

There are a very small number of people from the Muslim, Sikh, Hindu, Jewish and Buddhist communities within the Council's workforce. Most workers have indicated that they are either Christian or have no religion. When considering the likely impact on employees of staffing restructures and other proposals, the issue of religion and belief is unlikely to feature highly, and there is unlikely to be a measurable adverse impact.

Sexual Orientation

Although monitoring data is not always available in every walk of life, and there is still evidence that people may not provide this information in every situation, estimates suggest that LGBTQ+ people make up between 2 and 5% of the population, and accordingly of people who use our services, and people who rely upon our support based services. This is likely to mean that they will feature amongst all groups of customers but may not self-identify specifically as LGBTQ+.

Over recent years we have improved the extent to which our services have become aware of the needs that LGBTQ+ people in relation to a number of services or functions of the Council. Issues which are commonly raised include personal safety, support for young people making future life and identity choices, the provision of same sex marriage ceremonies and civil partnership ceremonies, public health including sexual health, mental health support, employment, policy development and how the Council communicates with its LGBTQ+ communities and residents.

Lesbian gay, bisexual and other non-heterosexual workers (LGBTQ+) workers make up around 2% of the workforce, and are represented across the authority, with slightly higher proportions working in Adult Social Care and Health, and lower than average proportions in Economy Transport and Environment. The LGBTQ Employee Network has historically provided useful feedback to the Council over how new or changing policies and service might impact upon or be used/ accessed by LGBQ and T people. There is no current evidence to suggest that as employees they have been disproportionately adversely affected by changes to the workforce arising out of budget savings.

Socio-economic and social mobility

Derbyshire has a high variation between households who are affluent and those which experience deprivation or socio-economic disadvantage. Many services provided by the Council are designed to meet people with fewer resources, people who may experience poorer health, or have lower life chances. Accordingly, for many of our customers, deprivation or disadvantage will be a key determining factor which accounts for access and consumption. Most of the proposals in the budget will exercise a potential adverse impact on those who have fewest resources, or who are least able to cope when services are reduced or removed.

Social mobility is determined through a number of factors, many of which are beyond the control, but not necessarily the influence, of the County Council. The state of the national and local economy exercises significant influence over whether individuals or households are able to improve their standard of living, and achieve a better life for themselves, accessing choice and control which was previously denied or out of reach, or by gaining skills and resources to change things. In Derbyshire those with least social mobility can be found in our deprived communities and neighbourhoods, and amongst a number of protected characteristic groups, especially disabled people, and women.

The Council continues to invest its energies in attracting and supporting local, businesses and jobs, which if successful provides a key lever for people to access social mobility opportunities, and generating additional opportunities. Importantly, new jobs need to get to local people from deprived communities and groups, or part of the potential benefit is lost, and social mobility cannot be improved. The Council employs people from across Derbyshire, including many workers who live in poorer and deprived communities. Additionally many such workers will work in the same or a nearby community to that they live in. Reductions in jobs in such localities, albeit small in number, can result in a negative impact in those same communities and reduce opportunities for social mobility.

Armed Forces and ex-Armed Forces

Approximately 4.1% of the population of Derbyshire has previously served in the UK armed forces, slightly above the England average of 3.8%. This is likely to mean that individuals in the Armed Forces and ex-armed forces will feature amongst all groups of customers but this is unlikely to feature highly, and there is unlikely to be a measurable adverse impact.

Carers (Paid or unpaid)

Carers are likely to interact directly or indirectly with Council services, particularly where these services are providing support for older people, disabled people, young people and families. Any proposals to change those support services, including any proposals relating to short breaks, may have an impact on carers.

Rural Communities

The Council provides a number of services which may be delivered differently or may be more costly to deliver in its rural areas. The county's market towns often have "branch" type offices of local services, where teams of employees are based and work in the community and surrounding rural areas. Additionally, some services, such as the financial support for public transport, may be concentrated into supporting services which specifically serve rural areas, to ensure these areas have services and are accessible.

The Council employs people from across Derbyshire, including many people who live in its rural areas. The extent to which any job losses amongst workers will impact on rural communities is un-researched.

Businesses in Derbyshire

Changes to the way the Council delivers services, could affect businesses which provide services to the Council. For example, where the Council is proposing to make savings in relation to purchased goods and services, where the maintenance of buildings and assets will be affected, and in relation to opportunities to tender or bid for contracts and commissioned services, changes to frontline and back office services can lead to external businesses and other providers being adversely affected. This could also be the case where the Council proposes to move out of buildings in town centres and communities, leaving them blighted as the range of local services declines. This could have a negative impact on the local economy during a difficult economic outlook. Conversely, changes to the way the Council delivers services may provide opportunities for local businesses where for example discretionary services are still desired by residents.

Public and private partners

The Council procures and commissions a range of services from both other public sector bodies and private partners. Changes to the way the Council delivers services could impact on partners in different ways, including changes to funding arrangements or the scope of contracted services. Community and voluntary sector organisations may also mitigate discretionary service changes.

Please detail the sources for the above information

- Budget proposals 2024/25 to 2028/29 – Report to Cabinet, 11 January 2024
- Council Budget Report 2024/25 – Report to Cabinet and Full Council, February 2024
- Your Council Your Voice Consultation Responses – Consultation conducted in November and December 2023
- Derbyshire Performance Indicators
- Workforce Data
- Previous Revenue Budget Reports and completed EIAs reported to Cabinet
- Derbyshire Observatory Data

Is consultation planned/ has consultation take place? Please outline. If Yes, once completed what did this tell us about the likely impact on the protected characteristic and other communities/ groups etc.?

The budget proposals detailed in the report to Cabinet on 11 January 2024 identified whether public and employee consultation was expected to be required. Where consultation is required, an EIA will be completed both before and following completion of the consultation process. Some of the planned savings for 2024/25 relate to services that have been subject to consultation during 2023 (Adult Social Care Charging Policy and Household Waste Recycling), with EIAs undertaken alongside consultation.

If there is insufficient information to determine likely impact, what information is needed and how will it be obtained in the future?

The budget proposals for 2024/25 include a significant number of savings proposals where consultation is required and where there is likely to be an impact on customers and employees with a protected characteristic. Specific EIAs and consultation for each of these savings proposals will consider those impacts. Separate reports and decisions are expected for each of the savings proposals that require consultation.

Part 3. Analysing and assessing the impact by equality Protected Characteristic group

Use the information, customer feedback and other evidence to determine upon whom the policy/ service and any proposed changes will impact upon and how, highlighting where these have a negative, positive or no impact, including where this could constitute unfair treatment, limit access, or result in additional inequality or disadvantage, hardship, or exclusion.

For any identified negative potential impact, you must provide details of any action or options which could mitigate against this, and in serious cases, you should highlight where the Council would be advised not to proceed with a new or changing policy or service, including any proposals which are being considered.

Please use your action plan towards the rear of this document to record the action and the monitoring that will take place to deliver or identify appropriate mitigation.

<i>Protected Characteristic or Group</i>	<i>Positive impact</i>	<i>Negative impact</i>	<i>No impact</i>
All protected characteristics/ general population	<p>The budget proposals include additional one-off and ongoing expenditure across all service areas which may have a positive impact on all residents and employees in Derbyshire. This additional expenditure includes:</p> <ul style="list-style-type: none"> • Adult Social Care and Health £13.174m increase in contract fee rate paid to external care providers to ensure they are set at a level which allows for a sustainable care market. • Derbyshire Discretionary Fund £0.669m one-off funding for the financial assistance scheme. • Home to School Transport £1.479m to fund the rising costs of bus and taxi contracts. • Children's Social Care £4.985m to fund inflationary uplifts in allowances paid to carers, placement fees and other support services. • Property £4.122m for maintenance, facilities management and utilities costs in line with inflation. 	<p>The budget proposals include a range of planned savings which are likely to impact on some or all residents and employees within Derbyshire. These proposals include changes in areas such as: short breaks and day opportunities for people with a learning disability and/or who are autistic; redesign of some services for older people, review of Children's Centres and Early Help; Review of Home to School Transport Policy; changes to materials charges and restrictions at Household Waste Recycling Centres; review of Library and Heritage services; and reductions in grounds maintenance.</p> <p>Individual proposals will be subject to separate EIAs and their potential impact on protected characteristics is briefly considered below.</p>	<p>There are a number of savings proposals within the budget which are not expected to have any impact on services, local residents or employees.</p>

	<ul style="list-style-type: none"> • £1.8m for increased costs of maintaining local bus services which are not commercially viable (typically rural, evening and weekend services). • Waste inflation of £3.608m to meet the Council's statutory obligations for the treatment and disposal of household waste. • £5.8m for Highways revenue budgets to meet statutory duties to maintain the highway in the context of increased costs and a deteriorating network. 		
--	---	--	--

<i>Protected Characteristic or Group</i>	<i>Positive impact</i>	<i>Negative impact</i>	<i>No impact</i>
Age	<p>Proposals within Adult Social Care and Health related to service redesign are seeking to improve outcomes for local residents and ensuring the most efficient use of public money, which may have a positive impact on older people, their carers and families.</p> <p>The budget proposals include additional expenditure in Adults services which may have a positive impact on older residents and employees in Derbyshire.</p>	<p>Proposals within Adult Social Care and Health include potential savings relating to services provided to Older People, which could affect older people, their carers and families.</p> <p>A number of savings proposals may include the restructuring of service delivery and there may be an impact on employees. The Council has an older</p>	

Protected Characteristic or Group	Positive impact	Negative impact	No impact
		workforce, with an average age of 47.9 years. The authority will seek to use a range of measures, wherever possible, to mitigate against compulsory redundancy. This is subject to age and status restrictions, affordability, through the impact on the budget and pension fund, and the need to retain skills in some areas. This policy has helped to avoid forcibly making workers redundant. Over recent years the number of employees retiring or taking advantage of the voluntary schemes has helped avoid enforced redundancies.	
Disability	Proposals within Adult Social Care and Health related to service redesign are seeking to improve outcomes for local residents and ensuring the most efficient use of public money, which may have a positive impact on people with a disability, their carers and families. The budget proposals include additional expenditure in Adults services which may have a positive impact on residents and employees in Derbyshire with a disability.	Proposals within Adult Social Care and Health include potential savings relating to services provided to people with a disability, which could affect people with a disability, their carers and families. A number of savings proposals may include the restructuring of service delivery and there may be an impact on employees. The number of employees who have declared a disability makes up around 4.9% of the Council's total workforce.	

<i>Protected Characteristic or Group</i>	<i>Positive impact</i>	<i>Negative impact</i>	<i>No impact</i>
Gender re-assignment		The incidence of gender re-assignment is rarely monitored but we do know that the number of people to whom this applies is increasing in the UK. This means that amongst our residents and people who use our services, people with this protected characteristic will be represented and could be additionally affected in some cases but this will be difficult to identify and measure.	
Marriage & civil partnership¹			The issue of marriage and civil partnership is unlikely to feature highly when considering the impact of budget proposals, and there is unlikely to be a measurable adverse impact
Pregnancy & maternity		As women represent a large proportion of local residents and Council employees, pregnant women and new mothers could be impacted by the budget proposals. Specific proposals relating to Children and Families may be more likely to impact pregnant women and new mothers.	

¹ Under EA 2010 – someone in a CP must not be treated less favourably than a married person.

Protected Characteristic or Group	Positive impact	Negative impact	No impact
Race & ethnicity		When compared to the nearby cities of Derby, Nottingham, Sheffield, and Manchester/ Stockport, which are within easy reach of Derbyshire, the county has a lower than average population of people from a BME background. A number of the proposals within the budget plans impact adversely upon BME households, but to a similar degree to non-BME households, and are dependent upon the extent to which those households use or engage currently with services. This will be considered as part of individual EIAs for each saving proposal.	
Religion/ belief²		Religion and belief, including non-belief, can often mean that people will have different cultural or dietary needs, which as service users, will need to be met or taken regard of. Faith often features as an issue in relation to schooling, school transport, or the services which are provided to people we support or care for, and services which work in communities tackling abuse or exclusion. Some of the proposals could have an adverse impact	

² Under EA 2010 – must also consider non-religious belief.

Protected Characteristic or Group	Positive impact	Negative impact	No impact
		upon some people from a religious minority background.	
Sex or gender³	The budget proposals include additional expenditure in Adults and Children's services which may have a positive impact on women in Derbyshire.	<p>Many of our local residents whom we support are women. They are more likely to feature as carers, as residents of care homes/ user of older person services, user of libraries, benefit from community safety services and protection type services, and as a parent needing support.</p> <p>Women make up almost 80% of the total workforce and a similar majority of the many part-time workers we employ. Proposals within this budget include a number to restructure service teams, where women, by nature of the proportion they represent, are likely to be affected to a greater degree.</p>	
Sexual orientation		It is likely that proposed savings across most areas of service will also impact on LGBTQ people as they would on heterosexual people, and that as a consequence, where the protected characteristic of sexual orientation might	

³ Sex and gender can be used at different times depending upon whether you are referring to the EA 2010 and the different duties which exist.

<i>Protected Characteristic or Group</i>	<i>Positive impact</i>	<i>Negative impact</i>	<i>No impact</i>
		require a different or adapted services, that these are also affected by cuts or changes, in some cases in an adverse impact for people who are LGBTQ. Issues which are commonly raised include personal safety, support for young people making future life and identity choices, the provision of same sex marriage ceremonies and civil partnership ceremonies, public health including sexual health, mental health support, employment, policy development and how the Council communicates with its LGBTQ communities and residents.	

Armed Forces personnel/ households			Approximately 4.1% of the population of Derbyshire has previously served in the UK armed forces, (England average is 3.8%). This is likely to mean that individuals in the Armed Forces and ex-armed forces will feature amongst all groups of customers but this is unlikely to feature highly, and unlikely to be a measurable adverse impact.
DCC Employees	Proposals for service redesigns may have a positive impact on employees, where the redesigned service operates more effectively. Service redesigns may lead to career development opportunities and/or greater job satisfaction for employees.	The budget proposals included possible savings which include a restructure of services which may have an adverse impact on DCC employees. The Council will seek to mitigate any impact of the proposed budget savings proposals on the Council's workforce through the continued use of workforce plans and measures such as vacancy controls, redeployment, voluntary release, etc. where necessary and in line with the provisions set out in the Council's redundancy, redeployment and buy out of hours policy and in accordance with relevant legislation, including consultation requirements. Any matters involving workforce implications will be considered	

		as necessary in accordance with the Constitution, the Council's Policy and legislation	
Socio-economic/ financial inclusion/ deprived communities/ Thriving communities	Redesigned services may enable some services to target or tailor services to meet the needs of those households with fewer resources. The budget proposals include additional expenditure on the Derbyshire Discretionary Fund which may have a positive impact on households with fewer resources in Derbyshire.	<p>Derbyshire has a high variation between households who are affluent and those which experience deprivation or socio-economic disadvantage. Many services provided by the Council are designed to meet people with fewer resources, people who may experience poorer health, or have lower life chances. Accordingly, for many of our customers, deprivation or disadvantage will be a key determining factor which accounts for access and consumption.</p> <p>Most of the proposals in the budget will exercise a potential adverse impact on those who have fewest resources, or who are least able to cope when services are reduced or removed.</p>	

Part 4. Summary of key findings

The number and scale of possible savings included in the budget proposals for 2024/25 will have potentially adverse impacts on a number of groups with protected characteristics, particularly where those savings proposals relate to the provision of services for Children and Adults. Some of the proposals include service redesigns which are seeking to improve outcomes for local residents and ensuring the most efficient use of public money, which may have a positive impact.

Any recommendations to adjust/ stop or change the proposals in light of the above? (These should be recorded in the action plan below alongside any plans to mitigate likely impact via implementation e.g. plans to communicate changes to the public).

The savings proposals will be subject to separate EIAs, together with public and/or employee consultation where required. The results of these individual EIAs will be considered as part of the decision-making process when determining whether proposals will proceed.

Part 5. Proposed Equality Action Plan

Please complete this Action Plan to outline any mitigation you intend to take.

Issue identified	Action required to reduce impact/mitigate	Timescale and responsibility	Monitoring and review arrangements
Potential adverse impacts across a range of groups with protected characteristics.	Individual EIAs to be completed for savings proposals with public or employee implications.	Various, all commencing in early 2024 (unless already undertaken)	This will be undertaken in respect of individual proposals.

Date and outcome of any Cabinet/ Cabinet Member or Council Report to which this was attached and their decision:

2024-25 Revenue Budget Report to Cabinet (1 February 2024) and Full Council (15 February 2024)

This page is intentionally left blank



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

1 February 2024

Report of the Director of Finance & ICT

**Capital Programme Approvals, Treasury Management and Capital
Strategies for 2024-25**
(Corporate Services and Budget)

1 Divisions Affected

1.1 County-wide.

2 Key Decision

2.1 This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or savings which are significant, having regard to the budget for the service or function concerned (this is currently defined as £0.500m).

3 Purpose of the Report

3.1 To obtain approval for proposals for submission to Council relating to the Capital Starts Programme and the Treasury Management, Investment and Capital Strategies.

3.2 This report should be read alongside the following reports to this Cabinet meeting: the Reserves Position and Reserves Policy Report, the Budget Consultation Results Report for 2024-25 and the Revenue Budget Report 2024-25.

4 Information and Analysis

Capital Programme

- 4.1 In line with previous years, the proposed new Capital Starts Programme has been evaluated and it is recommended to proceed with new borrowing of £31.248m for new projects commencing over the three years 2024-25 to 2026-27. New borrowing of £14.991m will be required in 2024-25, £8.816m in 2025-26 and £7.441m in 2026-27. The detailed proposals are set out in Appendix Two of this Report.
- 4.2 A detailed list of the Planned Asset Maintenance Programme of £6.000m for 2024-25 to 2026-27, which includes £3.000m of planned maintenance to be scheduled in 2025-26 and 2026-27, is set out in Appendix Three of this Report.

Treasury Management and Investment Strategies

- 4.3 The Treasury Management Strategy Report for 2024-25 (Appendix Four) sets out the Council's management of its cash flow, borrowing and investments and the management of its associated risks.
- 4.4 The Investment Strategy Report for 2024-25 (Appendix Five) deals with the management of the Council's balances and reserves, managing the balance between risk and return.

Capital Strategy and Capital Financing

- 4.5 The Capital Strategy for 2024-25 (Appendix Six) provides a high-level overview of how capital expenditure and capital financing contribute to the provision of local public services.
- 4.6 The Minimum Revenue Provision Statement for 2024-25 (Appendix Seven) sets out how the amount to be put aside to repay debt used to finance capital expenditure is to be calculated.
- 4.7 Historically the Council has funded all costs relating to the disposal of assets from revenue budgets. The 2003 Capital Finance Regulations for authorities in England and Wales, allows the costs of, or costs incidental to, a disposal of an interest in land to be financed from the capital receipt (provided that for non-housing land these costs do not exceed 4% of the capital receipt arising from the disposal). It is intended that from 1 April 2024, eligible disposal costs relating to land will be funded from the associated capital receipt (once realised), in accordance with the Capital Finance Regulations 2003 and the CIPFA practitioners guidance for capital finance in local government.

4.8 The Council and Derby City Council are engaged in a project to develop a New Waste Treatment Facility (NWTF) in Sinfin, Derby, to deal with waste that residents in Derby and Derbyshire do not recycle. As part of the settlement agreed by Cabinet in July 2023, Cabinet approved a payment of £56.930m which reflected the Council's share of the 'estimated fair value' (EFV) of the plant. This payment is a necessary cost attributable to bringing the waste treatment facility into use, and therefore it is proposed that this expenditure is capitalised in 2023-24.

4.9 At the time of the settlement the funding had been set aside in Earmarked Reserves. In order to support the budget management of the Council, it is now proposed that this expenditure is capitalised in 2023-24. This will mean that the expenditure is funded from borrowing, which will result in an increase in the forecast Capital Financing Costs in future years.

5 Consultation

5.1 No consultation is required.

6 Alternative Options Considered

6.1 N/A – the Council is required to have an approved new Capital Starts Programme, and to adopt a Treasury Management Strategy, an Investment Strategy and a Capital Strategy each year. Not producing a Capital Programme Approvals, Treasury Management and Capital Strategies report would be contra to the Council's Financial Regulations and other legislation and statutory guidance.

7 Implications

7.1 Appendix One sets out the relevant implications considered in the preparation of the report.

8 Background Papers

8.1 Not applicable.

9 Appendices

9.1 Appendix One – Implications.

9.2 Appendix Two – New Capital Starts Programme for 2024-25.

9.3 Appendix Three – Planned Maintenance Programme for 2024-25.

- 9.4 Appendix Four – Treasury Management Strategy Report for 2024-25.
- 9.5 Appendix Five – Investment Strategy Report for 2024-25.
- 9.6 Appendix Six – Capital Strategy for 2024-25.
- 9.7 Appendix Seven - Minimum Revenue Provision Statement for 2024-25.

10 Recommendations

That Cabinet recommends to Council that it:

- 10.1 Approves the new Capital Starts Programme set out in Appendix Two and approves the procurement and award of contracts which support the delivery of the Capital Programme. All contract awards will then be subject to approval by Executive Directors (via an Executive Director Report) under the relevant Departmental Scheme of Delegation.
- 10.2 Approves the detailed Planned Asset Maintenance Programme for 2024-25 as set out in Appendix Three.
- 10.3 Adopts the Treasury Management Strategy for 2024-25 set out in Appendix Four.
- 10.4 Adopts the Investment Strategy for 2024-25 set out in Appendix Five.
- 10.5 Adopts the Capital Strategy for 2024-25 set out in Appendix Six.
- 10.6 Adopts the Minimum Revenue Provision Statement for 2024-25 set out in Appendix Seven.
- 10.7 Adopts the application of financing up to 4% of disposal costs associated with land from capital receipts as set out in paragraph 4.7.

11 Reasons for Recommendations

- 11.1 The Council is committed to ensuring good financial management and compliance with applicable laws and regulations.

- 11.2 Government places controls on the financing capacity of the Council. This means that capital expenditure should form part of a programme, should be carefully prioritised in order to comply with the Council Plan, maximise the benefit of scarce resources and comply with *CIPFA's Prudential Code for Capital Finance in Local Authorities (2021)*. The Council's Financial Regulations require that Cabinet will make recommendations on the capital estimates and on any associated financing requirements to Council. The programme will then be approved by Council in February each year.
- 11.3 Treasury Risk Management at the Council is conducted within the framework of CIPFA's "*Treasury Management in the Public Services: Code of Practice 2021 Edition*" (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report documents the proposed Treasury Management Strategy and requests that Cabinet recommends to Council that it adopts it. This will fulfil the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code and also will assist with the requirements in the Council's Financial Regulations, which require that the borrowing and investments of the Council should be arranged in such a manner so as to comply with the CIPFA Code of Practice on Treasury Management.
- 11.4 Statutory guidance issued by Government in January 2018 requires that the Council adopts an Investment Strategy, focusing on service investments, where the Council uses its money to support local public services by lending to or buying shares in other organisations, and on commercial investments, where the Council uses its money specifically to earn investment income and this is the main purpose of the investment. This report documents the proposed Investment Strategy and requests that Cabinet recommends to Council that it adopts the Investment Strategy.
- 11.5 The CIPFA Code requires that a Capital Strategy is prepared and reported to Cabinet. This report documents the proposed Capital Strategy and requests that Cabinet recommends to Council that it adopts the Capital Strategy.
- 11.6 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.

12. Is it necessary to waive the call in period?

12.1 No

Report Authors:

Heather Green
Eleanor Scriven
Wendy Round
Jon Clarke

Contact details:

heather.green@derbyshire.gov.uk
eleanor.scriven@derbyshire.gov.uk
wendy.round@derbyshire.gov.uk
jon.clarke@derbyshire.gov.uk

Implications

Financial

- 1.1 The proposed new Capital Starts Programme has been evaluated and it is recommended to proceed with new borrowing of £31.248m for new projects commencing over the three years 2024-25 to 2026-27. New borrowing of £14.991m will be required in 2024-25, £8.816m in 2025-26 and £7.441m in 2026-27. The detailed proposals are set out in Appendix Two of this Report. A detailed list of the Planned Asset Maintenance Programme of £6.000m for 2024-25 to 2026-27, which includes £3.000m of planned maintenance to be scheduled in 2025-26 and 2026-27, is set out in Appendix Three of this Report.
- 1.2 It is proposed that in 2023-24, the £56.930m paid in July 2023 in respect of the Derby and Derbyshire Waste Treatment Centre will be capitalised. This proposal has been reflected in the forecast Capital Financing Requirement and net costs of Capital financing within the Capital Strategy and Five Year Financial Plan (FYFP).
- 1.3 The Treasury Management Strategy Report for 2024-25 sets out the Council's management of its cash flow, borrowing and investments and the management of its associated risks at Appendix Four. The Investment Strategy Report for 2024-25 at Appendix Five deals with the management of the Council's balances and reserves, managing the balance between risk and return.
- 1.4 The Capital Strategy for 2024-25 is at Appendix Six and provides a high-level overview of how capital expenditure and capital financing contribute to the provision of local public services. The Minimum Revenue Provision Statement for 2024-25 at Appendix Seven sets out how the amount to be put aside to repay debt used to finance capital expenditure is to be calculated.
- 1.5 Section 4 of the report proposes the adoption of the application of financing up to 4% of disposal costs associated with land from Capital Receipts in accordance with the Capital Finance Regulations. This will have the impact of reducing the costs that need to be financed from revenue budgets, but will also reduce the level of Capital Receipts available to fund capital investment.

Legal

- 2.1 By virtue of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 Cabinet and Council are responsible for formulating plans or strategies for the control of the Council's borrowing, investments or Capital expenditure or for determining the Council's Minimum Revenue Provision.
- 2.2 The Constitution makes it clear the 'budget' includes the allocation of financial resources to different services and projects, proposed contingency funds, the Council Tax base, setting the Council Tax and decisions relating to the control of the Council's borrowing requirement, the control of its capital expenditure and, if required, the setting of virement limits different to those in Financial Regulations.
- 2.3 The process by which the budget shall be developed and approved, including the strategies set out in this report, is detailed in the Budget and Policy Framework Procedure Rules at Appendix 7 to the Constitution.
- 2.4 The Director of Legal and Democratic Services will provide specific advice as required in relation to individual projects and strategies.

Human Resources

- 3.1 None

Information Technology

- 4.1 None

Equalities Impact

- 5.1 None.

Corporate objectives and priorities for change

- 6.1 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.
- 6.2 The Council is committed to ensuring good financial management and compliance with applicable laws and regulations.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 None

Capital Programme 2024-25

- 1.1 The proposed new starts programme for 2024-25, along with funding streams, as shown in Table 1, has been evaluated and it is recommended to proceed with new borrowing of £31.248m for new projects commencing over the three years 2024-25 to 2026-27. New borrowing of £14.991m will be required in 2024-25, £8.816m in 2025-26 and £7.441m in 2026-27. More details on each individual scheme are set out below.
- 1.2 Schemes within the capital programme are usually funded from a combination of Government grants, grants from other sources, capital receipts, borrowing, use of reserves and contributions from revenue budgets.
- 1.3 The Council is continuing to follow the same approach as in previous years and substituting revenue contributions with borrowing and any available capital receipts. This assists the Council in preserving its revenue funds and enables it to provide flexibility in managing its budget reductions.
- 1.4 The Council is also maintaining its financing policy of prioritising funding sources by using available grant in preference to undertaking any borrowing. This assists the Council in ensuring that it maximises the use of its available resources.
- 1.5 The Council has been reviewing its approach to property and asset management through a process of 'asset challenge' by way of rationalisation and Modern Ways of Working, in alignment with both the Council Plan and the Council Service Plans. This provides the potential to increase capital receipts and assist with the funding of future Capital programmes. However, where it is a statutory regulation that sales proceeds must be used to improve sports or educational facilities then the receipt from the disposal of the 'old' asset has to be earmarked to fund the replacement. It is expected that future programmes will be able to utilise more available capital receipts to release both the burden on borrowing and revenue reserves through reduced debt charges.
- 1.6 To assist with the above approach of maximising Capital receipts, it is proposed that the Council adopts the 4% Capital receipt rule as set out in the 2003 Capital Finance Regulations for authorities in England and Wales, which allows the costs of or costs incidental to a disposal of an interest in land (provided that for non-housing disposal these do not exceed 4% of the Capital receipt arising from the disposal) to assist in meeting revenue costs incurred in generating Capital receipts from Capital asset disposals.

- 1.7 The Capital Programme remains affected by the downward pressure on the Council's finances, with the main limiting factor being the Council's ability to undertake capital expenditure and whether there is the revenue resource available to support, in full, the implications of capital expenditure, both borrowing costs i.e. servicing the debt, and running costs, after allowing for any support provided by Central Government, which is now mainly through capital grants. Due to the current interest rate environment, the cost of borrowing is significantly higher than it has been in recent years, and the Council no longer holds levels of cash backed reserves that would enable 'internal' borrowing to fund capital investment. Any capital investment funded from borrowing will therefore result in revenue budget pressures for future years. However, the Council still needs to ensure that it meets its statutory obligations which will in turn assist in delivering on the Council Plan.
- 1.8 The Council will receive estimated Government grants of just over £68m to address key issues in highways and maintenance and develop integrated transport schemes. It will address the most immediate building condition issues in schools and cover funding gaps to assist in providing additional school places in the building of new schools, in response to major housing developments and also in the phased replacement of schools that have ageing buildings and are high on the buildings at risk register. It will also assist in ensuring that those children requiring special educational needs and disabilities (SEND) can access the support they require, as determined by the SEND review.
- 1.9 Grant funding is available, as in previous years, to provide financial assistance for disabled people requiring major adaptations to their accommodation, together with funding being provided for major improvements to directly provided care units.
- 1.10 Again, as in previous years, to address some of the backlog on other Council properties and reduce the burden on revenue funding of Capital works, a Corporate bid of £6.000m has been submitted as part of a long-term strategy to target the Council's backlog maintenance. A detailed list of the Planned Maintenance Programme for 2024-25 to 2026-27, which includes £3.000m of planned maintenance to be scheduled in 2025-26 and 2026-27, is set out in Appendix Three of this Report.
- 1.11 This year's programme also includes a significant bid to provide a solution for the sustainable future of County Hall. This strategic bid is expected to be part funded by borrowing, grants and possibly Capital receipts.

1.12 The Council approves the procurement and award of contracts which support the delivery of the Capital Programme. All contract awards will then be subject to approval by Executive Directors (via an Executive Director Report) under the relevant Departmental Scheme of Delegation.

Table 1A: Capital Programme Bids 2024-25

New Projects	2024-25	2025-26	2026-27	Total
	£m	£m	£m	£m
Adult Social Care & Health				
Disabled Facilities Grant Adaptations	7.898	0.000	0.000	7.898
Major Improvements to directly provided Care Units	2.000	0.000	0.000	2.000
Children's Services				
Basic Need (allocation for 2024-25 and 2025-26)	3.000	2.023	0.000	5.023
Devolved Formula Capital	1.610	0.000	0.000	1.610
School Condition	8.000	1.444	0.000	9.444
SEND – High Needs	2.000	4.000	0.848	6.848
Corporate Services and Transformation				
Fire Risk Mitigation	0.700	0.300	0.000	1.000
Planned Asset Maintenance Programme	3.000	2.000	1.000	6.000
ICT Services Hardware & Infrastructure	5.950	0.000	0.000	5.950
County Hall Redevelopment	0.397	15.075	5.025	20.497
5 Year Disposal Programme	0.380	0.000	0.000	0.380
Demolition	0.250	0.000	0.000	0.250
Place				
Local Transport Plan (LTP)	27.371	0.000	0.000	27.371
Countryside Service Structural Assets Management	0.405	0.405	0.406	1.216
Countryside Service Waterbodies Management	0.625	0.125	0.000	0.750
Shipley Lake Statutory Reservoir Improvements	1.300	0.000	0.000	1.300
Highways Depot Asset Improvement	0.811	0.811	0.810	2.432
Contingency				
Contingency	0.200	0.200	0.200	0.600
TOTAL	65.897	26.383	8.289	100.569

Table 1B: Capital Programme Bids Financing

Funding Streams	Grant £m	Capital Receipts £m	Borrowing £m	Total £m
Adult Social Care & Health				
Disabled Facilities Grant Adaptations	7.898	0.000	0.000	7.898
Major Improvements to directly provided Care Units	0.000	0.000	2.000	2.000
Children's Services				
Basic Need (allocation for 2024-25 and 2025-26)	5.023	0.000	0.000	5.023
Devolved Formula Capital	1.610	0.000	0.000	1.610
School Condition	9.444	0.000	0.000	9.444
SEND – High Needs	6.848	0.000	0.000	6.848
Corporate Services and Transformation				
Fire Risk Mitigation	0.000	0.000	1.000	1.000
Planned Asset Maintenance Programme	0.000	0.000	6.000	6.000
ICT Services Hardware & Infrastructure	0.000	0.000	5.950	5.950
County Hall Redevelopment	10.100	0.397	10.000	20.497
5 Year Disposal Programme	0.000	0.380	0.000	0.380
Demolition	0.000	0.250	0.000	0.250
Place				
Local Transport Plan (LTP)	27.371	0.000	0.000	27.371
Countryside Service Structural Assets Management	0.000	0.000	1.216	1.216
Countryside Service Waterbodies Management	0.000	0.000	0.750	0.750
Shipley Lake Statutory Reservoir Improvements	0.000	0.000	1.300	1.300
Highways Depot Asset Improvement	0.000	0.000	2.432	2.432
Contingency				
Contingency	0.000	0.000	0.600	0.600
TOTAL	68.294	1.027	31.248	100.569

2 Summary of Individual Schemes

2.1 Adult Social Care and Health

Disabled Facilities Grant £7.898m

Disabled people requiring major adaptations to their accommodation can apply for a Disabled Facilities Grant (DFG) administered by District Councils. The DFG is mandatory if the applicant is unable to access essential facilities within their home. The County Council has a duty to identify suitable works based upon an assessment of individual needs: however, the decision to approve the grant lies with the relevant District Council.

The DFG process is prescribed by legislation and regulations and requires that applicants are subject to a Test of Resources (means test). The Test of Resources only looks at an applicant's income and does not take account of their outgoings or personal circumstances. There are three possible outcomes for applicants: a grant to cover the cost of the work (up to a maximum of £30,000), a grant to cover part of the work with the requirement that the applicant meets the remaining costs, or the grant application is deemed ineligible as the applicant is assessed to be able to meet all the costs of the work.

The decision on DFG funding is the responsibility of the relevant District Council. However, the County Council, as part of its legal duties under the Chronically Sick and Disabled Peoples Act (1970) s2(1)(e), is required to consider providing financial assistance where 1) the applicant requests assistance towards his/her assessed contribution due to financial hardship and/or 2) that the costs of the work assessed as being necessary are above the current £30,000 DFG limit and the applicant appears to be unable to meet the additional costs.

Major Improvements to Directly Provided Care Units £2.000m

With Cabinet approval, the Directorate has undertaken a review of options for care provided from Council owned buildings, including care homes for older people and day centres for people with a learning disability. Further reviews are planned in relation to Learning Disability residential care and short breaks units and day centres for older people. Planned building works take account of the decisions made and to be made where possible.

2.2 Childrens Services

Basic Need £5.023m

The Department for Education (DfE) grant allocation for Basic Need schemes is to provide additional school places in areas of population growth. Based on analysis of pupil projections, feasibility studies have been undertaken. Funding will be allocated from a priority list of potential projects.

Devolved Formula Capital £1.610m

DfE Grant funding for individual schools to cover the cost of upgrading and maintaining accommodation in line with school asset management plans controlled by individual schools. This capital grant gives all schools money to invest in their buildings, grounds and ICT equipment in order to improve educational standards.

School Condition Allowance £9.444m

DfE Grant funding to cover the cost of upgrading and maintaining the condition of school accommodation to suit the needs of education in Derbyshire. Projects funded on school buildings where the condition is poor include re-roofing, replacement windows and doors, re-heating and re-wiring. A priority list of potential projects will be finalised once the actual grant figure is known.

SEND (Special Educational Needs) – High Needs Capital allocation £6.848m

The allocation from the DfE is for the creation of High Needs places or the improvement of existing provision (for pupils with SEND or requiring alternative provision) at special schools, maintained schools and alternative provision. Funding will be allocated in line with the priorities determined by the SEND Board.

2.3 Corporate Services and Transformation

Fire Risk Mitigation £1.000m

To fund the continuation of a planned programme of fire risk mitigation works in Council premises, including schools, where the Council has a duty of care to its employees to ensure they have safe environments to work in.

Under The Regulatory Reform (Fire Safety) Order 2005 the Council is required to undertake fire risk assessments on its building portfolio. These consist of operational assessments by establishment managers and technical assessments by property professionals in Corporate Property. Technical assessments consider the building components, the means of escape, the suitability of compartmentation, warning systems and equipment, etc. Assessments are carried out against an established programme, agreed with the Derbyshire Fire & Rescue Service, to identify and improve the building form/fabric to a suitable standard. The Council's ongoing survey programme has identified the need for further funding to address these works.

Planned Asset Maintenance Programme £6.000m

The Council's quinquennial (every five years) building condition surveys have highlighted significant building improvements that require redress to ensure the continued use of buildings, as well as safety, to building occupants and members of the public. The Planned Asset Maintenance Programme being funded from borrowing will reduce the burden placed upon the Corporate Maintenance Budget, which covers reactive maintenance and repairs which previously funded the Planned Asset Maintenance Programme.

The limited funding available from the corporate maintenance budget for the Planned Asset Maintenance Programme was only able to fund the highest priority work. Meanwhile, the reactive day to day maintenance was limited to emergency only repairs as the budget was insufficient to meet demand. The introduction of Corporate Buildings Capital Investment Programme in 2021-22 increased the funding capacity to address the condition and suitability of Council buildings and increased the availability of revenue funding to respond to repairs and maintenance allowing the restriction of emergency repairs only to be lifted. The Planned Asset Maintenance Programme is designed to target essential capital improvements to address building suitability and condition in line with the Asset Management Framework.

The apportioning of budget from the Corporate Maintenance Budget to fund the Planned Asset Maintenance Programme reduced the Revenue Budget available, compounding the issue of the Council's maintenance liabilities as the Council lacked funding to undertake essential repairs and maintenance as well as priority work for life-expired building elements. The Planned Asset Maintenance Programme funding from borrowing provides a long-term capital investment strategy for the Council's Corporate buildings, improving building suitability and condition, thus reducing the Council's maintenance liabilities and maintenance deficit.

The Planned Asset Maintenance Programme of £6.000m includes £3.000m of planned asset maintenance to be scheduled in 2025-26 and 2026-27.

ICT Hardware and Software £5.950m

This bid identifies the additional need for capital to support ICT infrastructure projects, to ensure the Council's ICT infrastructure continues to support and meet its needs. The bid reflects several elements:

ICT Desktop Hardware Replacement £1.500m

Replacement ICT Desktop Hardware £0.750m

Replacement of PCs, laptops, tablets and mobile telephones that will reach the end of life this year. The normal proactive replacement programme aims to replace 1,500 units per year (approximately one-fifth of the estate (i.e. a 5-year replacement regime))

Transition to a 3-year Hardware replacement £0.750m

To support the transition to a 3-year hardware replacement regime, a one-off cost this year to change to replacing laptops/desktops/tablets after the end of their 3-year warranty. Younger hardware better meets staff needs and saves the cost of out-of-warranty replacements.

Network Equipment £2.000m

The Council has a county-wide network that connects sites back to County Hall so that they can use network services. A business case was produced in 2021 to support the Council migrating to a software-defined network, which was rolled out to Adult Care Homes and Children's Homes across the county. This money is required to replace the rest of the Council's network equipment, increasing flexibility and lowering ongoing costs.

Core/Data Centre Equipment £2.450m

Data Centre Blades £0.500m - The blade servers in the Council's Data Centre are approaching end-of-life. This will ensure they continue to be maintained whilst a data centre/cloud strategy is implemented.

Back-up Solution £0.500m - The Council's back-up system will need to be replaced in 2024-25. The cloud assessment and data centre/cloud strategy will inform these requirements.

Storage Solution £0.600m - The Council's main data storage solution is becoming difficult to manage and maintain, and now requires replacement. The cloud assessment and data centre/cloud strategy will inform these requirements.

Uninterrupted Power Supply £0.150m - The Council's Uninterrupted Power Supply (UPS) located in the data centre and in County Hall will require replacement in 2025 to continue to protect the Council against power cuts, power surges or voltage drops. The cloud assessment and data centre/cloud strategy will inform these requirements.

Internal Load Balancers £0.500m – The Council's load balancers are used to increase capacity (concurrent users), balance traffic and improve the reliability of applications, ensuring systems continue to perform efficiently and effectively. This project will replace the load balancers in line with the recommendations from the cloud assessment and data centre/cloud strategy.

Telephony £0.200m - Supporting the Council's telephony replacement migration to the cloud; portal, licences, training and hardware.

Cloud Strategy - The Council has recently completed a cloud assessment to determine the future cloud strategy. Funds will be required to support the outcome of this assessment, and a separate proposal will be brought forward for approval during 2024-25.

County Hall Redevelopment £20.497m

The County Hall Redevelopment is a strategic project for the Council. A Strategic Outline Business Case was approved by Cabinet in November 2022 and an Outline Business Case was approved by Cabinet in January 2024. The vision for County Hall includes conversion of the principal listed buildings into a hotel, spa, conference facility and performance venue, together with residential accommodation and facilities for new businesses. A key component of the vision is a low carbon, efficient building, providing new offices for the Council, with scope to share space with public sector partners or commercial tenants.

The direct benefits to the Council will include significantly reduced operating costs, the provision of a modern, flexible workplace to support users, the potential generation of a capital receipt, and a major reduction in the Council's carbon emissions. Wider benefits include a major boost to the local economy, support for local businesses, the creation of new jobs, and new residential accommodation to meet local demand. The community will benefit from having access to spaces such as a renovated Winter Garden for events, leisure facilities and new landscaped gardens.

It will be a condition of any sale agreement that the listed buildings are enhanced and protected, and that the landscaped grounds are recreated. The soft market testing exercise has already generated serious interest from hotel operators and specialists in the conversion of listed buildings. More expressions of interest are expected as our advisors continue to target potential investors, developers and operators.

The Council's commitment to the project, evidenced by the commissioning of a business case, has provided confidence to the market that the Council is committed to this strategic project.

Further technical, legal and financial support is required to prepare and take the opportunity to the market. This will include a planning pre-application, development of the design for the new offices, environmental and biodiversity due diligence of the site, assessment of the impact on local roads, and the preparation of a full technical pack for potential bidders and draft contract documents.

Five Year Disposal Programme £0.380m

This funding is to instruct property agents and solicitors required to deliver capital receipts for the forecasted Five year Disposal Programme.

Demolition £0.250m

Funding is required to enable demolition work to continue at identified and agreed sites so that the sites can be sold on the open market for an enhanced capital value. In some instances, a strategic decision about the future use of a site may take many months to determine due to the need to commission option appraisals and feasibility assessments, so the demolition of any obsolete buildings on sites helps to reduce running costs whilst the strategic decisions are made.

The current Corporate Revenue Demolition Budget is now fully spent and/or committed, meaning that no further demolition work can take place or be commissioned. There is also an identified pipeline of demolition work amounting to £0.850m which currently has no funding and further demolition work will be identified as the accelerated asset rationalisation programme is implemented.

2.4 Place

Local Transport Plan £27.371m

The County's highway infrastructure has a direct impact on the lives of all Derbyshire residents, as well as those who visit or work within the County. It is essential to the economic prosperity of Derbyshire, providing access to work, health, education and leisure services and is seen by residents as the most important service that the Council provides for the people of Derbyshire, but is the least well regarded and generates the highest number of customer enquiries. The value of the Council's Highways assets currently stands at approximately £8 billion, including 3,280 miles of road and associated bridges, retaining walls, street lighting, footways and other infrastructure assets. The Highways Service is responsible for maintaining a safe and reliable network for all its users, including pedestrians, cyclists and bus passengers.

The Council receives annual Capital funding from the Department for Transport (DfT) through its Local Transport Capital Block Funding Grant. The size of the annual formulae funding has been fixed for the past three years at £27.371m and will remain the same for 2024-25. This funding is allocated across the County's assets to meet infrastructure needs and elected members' and customers suggestions, using a priority matrix. This includes the wide array of footway resurfacing, structures, reactive capital improvements, drainage investigations, highway improvements, road safety, rights of way, cycle routes and greenways, resurfacing schemes, surface dressing, micro-asphalting, landslips, traffic signals, public transport infrastructure, flood prevention, drainage and street lighting schemes.

Countryside Services Structural Assets Management £1.216m

The Countryside Service has over 300 assets on the Council's structural assets register. These structures are an integral part of sites and allow residents and visitors of Derbyshire to access the vast array of trails, country parks and nature reserves and are hugely important in the Council meeting its policy objectives. The last round of inspections, in 2021, identified 22 structures in very poor condition, 52 in poor condition and the remaining 80 in good condition. The 22 structures in very poor condition have been risk-assessed and prioritised for structural repair and the most urgent structural repair is for the railway bridge on the Field, Shipley Country Park. This project aims to repair the highest risk structure immediately, establish a program of work for the other structures in very poor and poor condition and begin preventive work on the remaining structures still in good condition. In addition, working with the Structures Team in Highways, the Countryside Service will establish a programme of inspection for the remaining 147 structures that are currently not inspected, with further capital bids as required for any identified urgent structural work.

Countryside Service Waterbodies Management £0.750m

Funding for works to complete Measures in the Interest of Safety (MIOS) to Osbornes Pond, Shipley Country Park and structural leak repairs to the Railway Aqueduct, Cromford Canal, to comply with statutory duties under the reservoirs Act (1975) and Navigation Authority duties in relation to the Cromford Canal.

Shipley Lake Statutory Reservoir Improvements £1.300m

A project to complete reservoir improvement works at Shipley Lake, Pit Lane, Heanor as identified in the Section 10 Reservoir Inspection Report dated 30 June 2022. These works are statutory in nature and are required under the Reservoirs Act (1975). They must be completed within the indicated timescales, or the Council could face prosecution by the Environment Agency, the regulatory body in England.

Highways Depot Asset Improvement £2.432m

The Council has five highway depots strategically located throughout the County: Willington, Ambergate, Darley Dale, Stonegravels and Chapel-en-le-Frith. The Council's depots provide essential hubs from which the Highways Service is planned, monitored and work carried out.

These buildings range in their construction type, from prefabricated cabins to stone buildings, all in a variety of differing sizes and states of condition. Maintenance liability for the depot plots historically has been unclear, and consistent funding streams and programmes of work have not been implemented. Planned maintenance work to the fabric of the main depot buildings, outbuildings, yards, fences etc has not been undertaken for around 20 years, with only emergency works carried out as required, leading to significant deterioration to the overall condition of the depots.

A business case has been compiled to examine the options and review the condition report data - this has informed this Capital Bid. Work is also currently taking place on the Council's Depot Rationalisation Project, concerning the long-term strategy for highways depots within the County. The report will outline a five-year phased approach to rationalising the existing depots, including options around renovation, redevelopment, and complete relocation of some facilities. The Depot maintenance and Refurbishment Business Case is focused on ensuring that the current facilities are fit for purpose and safe for use in the period leading up to implementation of the Depot Rationalisation Project, should this be progressed.

Failure to maintain the depot buildings will lead to defects worsening and could result in the sections of the depots being condemned under the Health and Safety at Work Act. The Council has a legal responsibility to ensure that the workplaces are safe for use and fit for purpose. If the depot buildings are not fit for purpose, it is likely that the services currently provided from them will be negatively impacted. The degradation of the buildings will also affect the long-term value of the asset.

Securing this funding will allow the Place Department to create a prioritised three-year programme of works to undertake the urgent (to prevent closure or serious risk), essential (required within 2 years), desirable (required within 5 years) and long-term (outside of a 5-year period) defect remediation works. This will:

- Enable the continued use of the facilities and meet our statutory obligations.
- Improve efficiency of existing assets and overall condition of the depots to a desirable standard.
- Treat urgent and developing defects, addressing them proactively before they escalate and negatively impact the service.
- Ensure delivery of the highways service for the foreseeable future leading up to the potential implementation of the 'DCC Depot Rationalisation Project' recommendations.

2.5 Contingency

Contingency £0.600m

The contingency sum is for unforeseen additional costs/essential works which may arise during the year.

2.6 Other Recommendations

That Cabinet recommends to Council that it approves the procurement and award of contracts which support the delivery of the Capital Programme. All contract awards will be subject to the approval by Executive Directors (via an Executive Director Report) under the relevant Departmental Scheme of Delegation.

Planned Asset Maintenance Programme**2024-25**

UPRN	Site	Works	Budget
1470-01-01	Whitwell Community Centre & Library	Replacement up-grade existing CI heating pipe work & radiators	£60,000
195-01-01	Chesterfield Small Business Centre	Electrical rewire and associated upgrades	£25,000
1875-01-01	Long Eaton Library	Building structural stabilisation works.	£150,000
1875-01-01	Long Eaton Library	Boiler replacement upgrade & associated controls	£70,000
2174-01-01	17 Salisbury Drive Swadlincote	Structural retaining wall consolidation	£40,000
2478-01-01	Brimington Road Workshop	Full rewire & new Fire Alarm system	£275,000
2613-01-01	Glossop Adult Education Centre	Replacement up-grade existing CI heating pipe work & radiators	£115,000
2642-01-01	County Hall (South Block Complex)	Rewire Upgrade including new LED lighting Joiner's shop.	£75,000
2642-1-02	County Hall (North Block Complex)	Dry Rot eradication works main staircase.	£90,000
4190-02-01	Fairfield Children's Centre	Render existing spalling brickwork including new Thermal wall upgrade.	£95,000
1621-01-01	Grange HOP	Kitchen ventilation system / canopy upgrade o interlock with Gas supply.	£50,000
1621-01-01	Grange HOP	Kitchen internal refurbishment including wall / floor tiles.	£70,000
1894-01-01	Melbourne Library	Main library floor replacement including new insulation.	£60,000
2694-01-01	Shipley Country Park Visitors Centre	Complete heating system upgrade replacement including boiler.	£35,000

UPRN	Site	Works	Budget
2813-03-	High Peak Trail Visitors Centre	Major water tank replacement adjacent to centre.	£100,000
3190-01-01	High Peak & Dales Support Centre	New aluminium door & window curtain walling system.	£150,000
3190-04-01	High Peak Social Care Area Office	Complete rewire and relight including new data network.	£135,000
3524-01-01	Cotmanhay Children's Centre	Structural stabilisation works.	£100,000
4118-01-01	Derbyshire Records Office	New flat roof recover including cut to falls & thermal insulation upgrade.	£35,000
1098-01-01	Newbold Library	New flat roof recover including cut to falls & thermal insulation upgrade.	£35,000
1621-01-01	The Grange Family Support Centre	Ceiling replacement including new insulation & LED lighting.	£40,000
1697-01-00	Parkwood Day Centre	Structural retaining wall consolidation.	£85,000
1715-01-01	Victoria Street Family Support Centre	Complete rewire including distribution board upgrade.	£130,000
1809-01-01	Willington Depot	Complete rewire including distribution board upgrade.	£30,000
319-01-01	Buxton Library	New double-glazed windows / doors.	£600,000
3461-01-01	Swadlincote Learning Centre	Structural retaining wall consolidation.	£15,000
3535-01-01	Shand House	New external Galvanised spiral staircases.	£70,000

UPRN	Site	Works	Budget
4348-01-01	Waingroves Community Centre	Heating system replacement/upgrade.	£75,000
PMP Contingency 2024-25			£190,000
Other Planned Maintenance To Be Scheduled in 2025-26 and 2026-27			£3,000,000
TOTAL			£6,000,000

Treasury Management Strategy Report 2023-24

1 Introduction

- 1.1 Treasury Management is the management of the Council's cash flows, borrowing and investments and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks, including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk is therefore central to the Council's prudent financial management.
- 1.2 Treasury Risk Management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's "*Treasury Management in the Public Services: Code of Practice 2021 Edition*" (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 1.3 Investments held for service purposes or for commercial profit are considered in the Investment Strategy (Appendix Five).

2 External Context

Economic background

- 2.1 The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, are major influences on the Council's Treasury Management Strategy for 2024-25.
- 2.2 The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023.
- 2.3 The November 2023 quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth, with the potential for a mild contraction due to ongoing weak economic activity. The outlook for Consumer Price Index (CPI) inflation was deemed to be highly uncertain, with near-term risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

- 2.4 Office for National Statistics (ONS) figures showed CPI inflation was 4.6% in October 2023 and 3.9% in November 2023. Looking ahead, using the interest rate path implied by financial markets, the BoE expects CPI inflation to continue to fall slowly, but taking until early 2025 to reach the 2% target.
- 2.5 ONS figures showed the UK economy was flat between April and June 2023 and fell by 0.1% between July and September 2023. The BoE forecasts GDP will likely stagnate through 2024. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.
- 2.6 The labour market appears to be loosening, but only very slowly. The unemployment rate remained at 4.2% between August and October 2023. Earnings growth remained strong, with regular pay (excluding bonuses) up 7.3% over the period. Adjusted for inflation, regular pay growth was 1.4%. Looking forward, the MPR forecast the unemployment rate to be around 4.25% in the second half of 2023, but then to rise steadily to around 5% in late 2025/early 2026.
- 2.7 Having increased its key interest rate to a target range of 5.25 to 5.5% in August 2023, the US Federal Reserve appears to have concluded its cycle of increasing interest rates. It is likely this level represents the peak in US rates as indicated in its December 2023 meeting.
- 2.8 In line with other central banks, the European Central Bank has been increasing rates, taking its deposit facility, fixed rate tender, and marginal lending rates to 4.00%, 4.50% and 4.75% respectively.

Credit outlook

- 2.9 Credit Default Swap (CDS) prices were volatile during 2023, spiking in March 2023 on the back of banking sector concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in the second quarter of 2023, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, led in the second half of the year to CDS prices increasing steadily again.
- 2.10 Moody's revised its outlook on the UK Sovereign to stable, from negative, to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework. Following its rating action on the UK Sovereign, Moody's revised the outlook on five UK banks to stable, from negative, and then followed this by the same action on five rated local authorities. However, within the same update, the long-term ratings of those five local authorities were downgraded.

- 2.11 There remain competing tensions in the banking sector, on one side from higher interest rates, boosting net income and profitability, and on the other side a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets. However, the institutions on the counterparty list of the Council's Treasury Management Adviser (Arlingclose) remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast

- 2.12 Although UK inflation and wage growth remain elevated, the Council's Treasury Management Adviser, Arlingclose, forecasts that BoE Bank Rate has peaked at 5.25% and that the BoE's Monetary Policy Committee (MPC) will start to reduce rates in 2024, to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose forecasts rate cuts from September 2024, to a low of around 3% by June 2026.
- 2.13 Arlingclose expects long-term gilt yields to be broadly stable at current levels (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for BoE Bank Rate. Yields are forecast to remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
- 2.14 A more detailed economic and interest rate forecast provided by Arlingclose is included at Appendix A to this Treasury Management Strategy Report 2024-25.
- 2.15 For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 5.25% (Base Rate), and that new long-term loans will be borrowed at an average rate of 4.97% based upon the PWLB Certainty Rate for a 40-year maturity loan.

3 Local Context

- 3.1 On 31 December 2023, the Council held £477.674m of borrowing and £268.091m of investments. This is set out in further detail at Appendix B to this Treasury Management Strategy Report 2024-25. Forecast changes in these sums are shown in the balance sheet analysis in Table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.23 Actual £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
General Fund CFR	594.275	700.655	766.812	805.029	830.336
Less: Other debt liabilities*	-55.187	-50.132	-52.373	-45.754	-38.920
Loans CFR	539.088	650.523	714.439	759.275	791.416
Less: Long Term External borrowing**	-265.579	-264.174	-256.429	-251.429	-242.736
Less: Short Term External borrowing **	-224.500	-148.500	-45.000	-5.000	0.000
Internal borrowing	49.009	237.849	413.010	502.846	548.680
Less: Usable reserves***	-376.841	-229.174	-197.103	-181.418	-178.769
Less: Working capital	-51.675	-51.675	-51.675	-51.675	-51.675
New Borrowing (or Treasury investments)	-379.507	-43.000	164.232	269.753	318.236

* Finance lease and PFI liabilities that form part of the Council's total debt.

** Shows only loans to which the Council is committed and excludes optional refinancing.

*** Excluding earmarked reserve arising from adjustment of modified loans balances on adoption of IFRS 9. This was a non-cash adjustment, therefore did not affect resources available to invest/ reduce borrowing.

- 3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). Usable reserves and working capital are the underlying resources available for investment. The Council's recent strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. The Council has an increasing CFR due to the capital programme but minimal investments. The Council will therefore require additional borrowing of up to £318m by March 2027 according to its CFR forecasts.

- 3.3 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation for the three years 2024-25 to 2026-27.

Liability benchmark

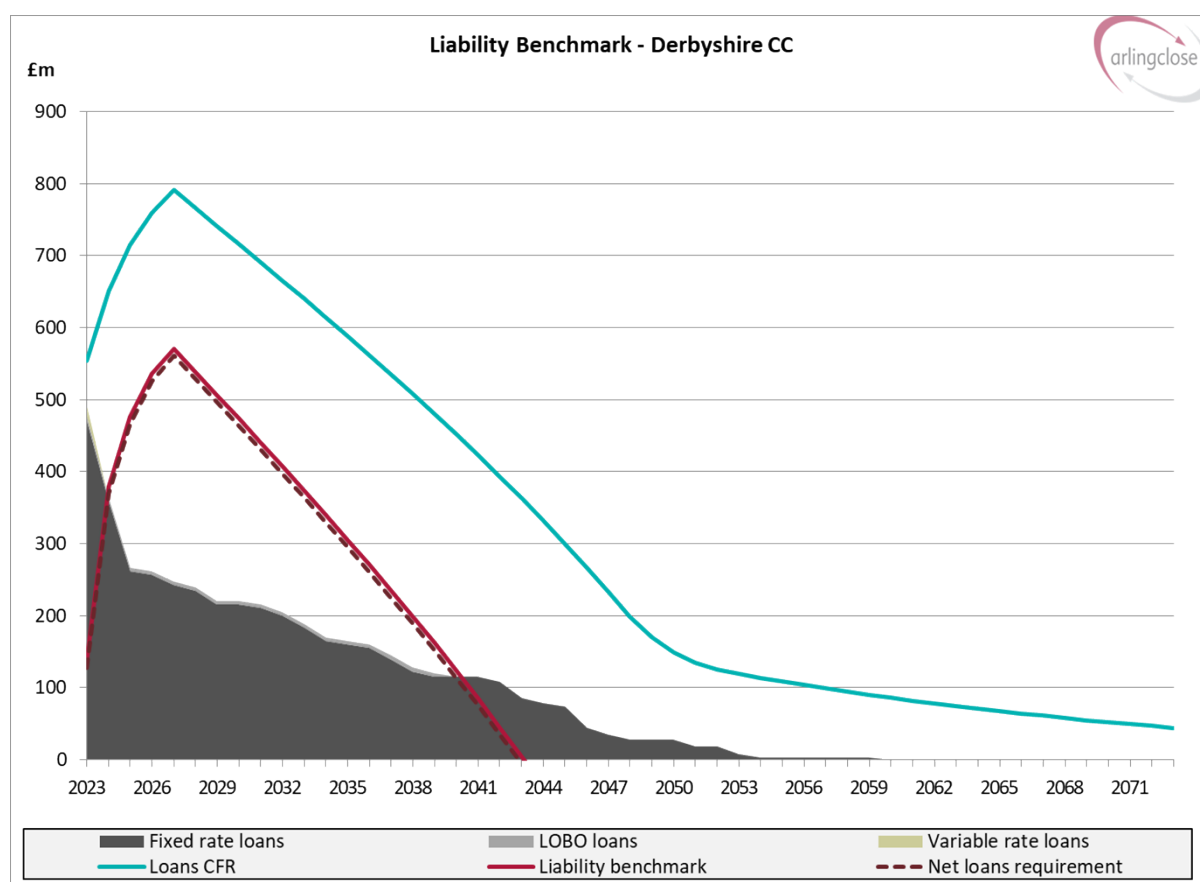
- 3.4 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.
- 3.5 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Liability benchmark (Prudential indicator)

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Loans CFR	539.088	650.523	714.439	759.275	791.416
Less: Useable reserves	-376.841	-229.174	-197.103	-181.418	-178.769
Less: Working Capital	-51.675	-51.675	-51.675	-51.675	-51.675
Plus: Minimum investments*	10.000	10.000	10.000	10.000	10.000
Liability benchmark	120.572	379.674	475.661	536.182	570.972

* Minimum liquidity allowance for professional status under MIFID II, which is a legislative framework instituted by the European Union to regulate financial markets and improve protections for investors, aiming to standardise practices across the EU and restore confidence in the industry.

- 3.6 Following on from the medium-term forecasts in Table 1 above, the long-term liability benchmark assumes capital expenditure funded by additional borrowing of £164.232m in 2024-25, further additional borrowing of £105.521m in 2025-26 and further additional borrowing of £48.483m in 2026-27, with a minimum revenue provision on new capital expenditure based on a 40-year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. In reality, there is likely to be some slippage of the Capital Programme.
- 3.7 The graph below demonstrates the Council's additional borrowing requirement. This is the area between the grey shaded area (existing borrowing) and the red line (Liability Benchmark). This is somewhat lower than the blue line (Loans CFR) as the Council has Balance Sheet resources (reserves and working capital), that can be utilised if required.



4 Borrowing Strategy

- 4.1 The Council currently holds £477.674m of loans, a decrease of £12.405m on the previous year end, as part of its long-term strategy for funding previous years' Capital Programmes. Short-term borrowing in 2023-24 includes £56.930m for the Legal Settlement in respect of the Derby and Derbyshire Waste Treatment Centre at Sinfin. The Balance Sheet forecast in Table 1 shows that the Council expects to borrow up to £164.232m in 2024-25. The Council may, however, borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £843m (General Fund CFR in Table 1 £766.812m x 110%).
- 4.2 The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy

- 4.3 Given the continued uncertainty of future local government funding, the Council's borrowing strategy continues to address the key issue of affordability, without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently at a 15-year high but are expected to fall in the coming years and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead.
- 4.4 By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs, by deferring borrowing into future years. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2024-25.
- 4.5 The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board (PWLB) but will consider long term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding, in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to HM Treasury's PWLB lending facility.

- 4.6 Alternatively, the Council may arrange forward starting loans during 2024-25, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 4.7 In addition, the Council may borrow further short-term loans to cover unplanned cash flow shortages.

Sources of borrowing

- 4.8 The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Loans Works Board).
 - UK Infrastructure Bank Ltd.
 - Any institution approved for investments (see below).
 - Any other bank or building society authorised to operate in the UK.
 - Any other UK public sector body (including Local Authorities)
 - UK public and private sector pension funds (except Derbyshire Pension Fund).
 - Capital market bond investors.
 - Retail investors by a regulated peer to peer platform
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.
 - D2N2 Local Economic Partnership.
 - East Midlands Combined County Authority.

Other sources of debt finance

- 4.9 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- Leasing.
 - Hire purchase.
 - Private Finance Initiative.
 - Sale and leaseback.
 - Similar asset-based finance.

Municipal Bonds Agency

- 4.10 UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Cabinet.

LOBOs

- 4.11 The Council does not hold any LOBO (Lender's Option Borrower's Option) loans. The Council repaid its remaining £5.000m LOBO loan on 16 October 2023.

Short-term and variable rate loans

- 4.12 These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt rescheduling

- 4.13 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

5 Treasury Investment Strategy

- 5.1 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past twelve months, the Council's treasury investment balance has ranged between £268.091m and £480.985m. This level of investment is expected to fall significantly in subsequent years as short-term external borrowing is repaid and internal reserves are utilised.

Objectives

- 5.2 The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve where possible a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

Strategy

- 5.3 As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be regularly reviewed and either sold to generate cash or held to diversify risk into different sectors and boost investment income. This diversification has generated over £18m in income and represents a continuation of the strategy first adopted in 2015-16.
- 5.4 The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. However, the Council may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.
- 5.5 **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

Business models

- 5.6 Under the IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties

- 5.7 The Council may invest its surplus funds with any of the counterparty types in Table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved investment counterparties and limits (County Fund)

Sector	Time Limit	Counterparty Limit	Sector Limit
UK Government	3 years	Unlimited	n/a
Local Authorities & Other Gov't entities	3 years	£30m	Unlimited
Secured investments *	3 years	£30m	Unlimited
Banks (unsecured) *	13 months	£30m	Unlimited
Building societies (unsecured) *	13 months	£10m	£30m
Registered providers (Unsecured) *	3 years	£10m	£30m
Money market funds *	n/a	£30m	Unlimited
Strategic pooled funds	n/a	£30m	£100m
Real estate investment trusts	n/a	£10m	£30m
Other investments *	Individual Cabinet Approval		

- 5.8 The Council reduced its time limits for new investments to no longer than three years in 2023-24 as there was an increasing probability of needing to borrow from the PWLB in the near future. The Council wants to be absolutely clear that it is not borrowing to invest primarily for financial return in contravention of the TM Code.

- 5.9 **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25bn. These are not classed as investments, but are still subject to the risk of a bank bail-in. BoE has stated that in the event of failure, banks with assets greater than £25bn are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.
- 5.10 **County Fund:** It is requested that the limit for the Council's main operational bank (currently Lloyds) of £60m is maintained (£30m overnight only and £30m up to 13 months in duration).
- 5.11 **D2N2:** It is requested that the overnight limit of £10m (currently Lloyds) is maintained.
- 5.12 ***Minimum Credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 5.13 **Government:** Loans to, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to three years.
- 5.14 **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

- 5.15 **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Refer to paragraph 5.9 for arrangements relating to operational bank accounts.
- 5.16 **Registered providers (unsecured):** Loans to, and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England). As providers of public services, they retain the likelihood of receiving Government support if needed.
- 5.17 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will endeavour to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 5.18 **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
- 5.19 **Real Estate Investment Trusts (REITs):** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile, especially as the share price reflects changing demand for the shares, as well as changes in the value of the underlying properties.
- 5.20 **Non-Treasury investments:** These are included in the Investment Strategy (See Appendix Five).

Risk assessment and credit ratings

- 5.21 Credit ratings are obtained and monitored by the Council's Treasury Management Adviser, who will notify changes in ratings as they occur. Where an entity has its credit-rating downgraded so that it fails to meet the minimum approved investment criteria then:
- No new investments will be made.
 - Any existing investments that can be recalled or sold at no cost will be.
 - Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 5.22 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the minimum approved rating criteria (A-), then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments

- 5.23 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential Government support, reports in the quality financial press and analysis and advice from the Council's Treasury Management Adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 5.24 **Reputational aspects:** The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

- 5.25 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022 this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government or with other Local Authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits (County Fund)

- 5.26 The Council's Total Useable Reserves available to cover investment losses are forecast to be £229m at 31 March 2024 and £197m at 31 March 2025. In order to minimise risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government or Lloyds Bank (operational bank accounts)) will be £30m and capitalised interest. A group of banks under the same ownership will be treated as a single organisation for limit purposes.
- 5.27 Credit risk exposures arising from non-treasury investments, financial derivatives and balances in operational bank accounts greater than £30m count against the relevant investment limits.
- 5.28 Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£30m per manager
Negotiable instruments held in a broker's nominee account	£100m per broker
Foreign countries	£30m per country

Liquidity management

- 5.29 The Council uses purpose-built cash flow forecasting software and Excel spreadsheets to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.
- 5.30 In times of uncertainty, the Council will spread its liquid cash over a number of providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

6 Treasury Management Indicators

- 6.1 The Council measures and manages its exposures to Treasury Management risks using the following indicators.

Security

- 6.2 The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Table 5:

Credit risk indicator	Target
Portfolio average credit rating	A

Liquidity

- 6.3 The Council has adopted measures to monitor its liquidity risk and can use either Liquidity risk indicator Option 1 or Option 2 below, as appropriate.
- **Liquidity Option 1** – The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling one-month period, without additional borrowing.

Table 6:

Liquidity risk indicator	Target
County Fund: Total cash available within 1 month	£10m

- **Liquidity Option 2** – The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount it can borrow each quarter without giving prior notice.

Table 7:

Liquidity risk indicator	Target
County Fund: Total sum borrowed in past 3 months without prior notice	£30m

Interest rate exposures

- 6.4 This indicator is set to control the Council's exposure to interest rate risk. The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Table 8:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates (additional interest received on lending and paid on borrowing assuming that all maturities are renewed)	£0.108m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates (reduction in interest received on lending and paid on borrowing assuming that all maturities are renewed).	-£0.108m

Maturity structure of borrowing

- 6.5 This indicator is set to control the Council's exposure to refinancing risk. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper and lower limits on the maturity structure of borrowing will be:

Table 9:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	60%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	20%	0%
5 years and within 10 years	20%	0%
10 years and within 20 years	40%	10%
20 years and within 30 years	40%	10%
30 years and above	40%	0%

Long term treasury management investments (See Investment Strategy in Appendix Five for non-treasury investments).

Principal sums invested for periods longer than a year

- 6.6 The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Table 10:

Price risk indicator	31/03/25	31/03/26	31/03/27	No Fixed Date *
Limit on principal invested beyond year end. * strategic pooled funds have no fixed maturity date	£100m	£50m	£0m	£100m

7 Related Matters

- 7.1 The CIPFA Code requires the Council to include the following in its Treasury Management Strategy.

Financial Derivatives

- 7.2 Local authorities have previously made use of financial derivatives embedded into loans and investments, both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

- 7.3 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall Treasury Risk Management Strategy.
- 7.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 7.5 In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive

- 7.6 The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's Treasury Management activities, the Council's S151 Officer believes this to be the most appropriate status.

Financial Implications

- 7.7 The budget for investment income in 2024-25 is £3.747m, based on an average investment portfolio of £2.8m of traditional investments at an interest rate of 5.25%, £70m nominal of strategic pooled funds at an interest rate of 4.57% and other dividends. The budget for long term external borrowing debt interest in 2024-25 is £11.967m, this includes £11.127m for the existing long-term debt portfolio of £254.174m at an average interest rate of 4.38%, together with short-term debt interest of £8.159m. If actual levels of investments and borrowing, or actual interest rates, differ from forecasts, performance against budget will be correspondingly different.

Other Options Considered

- 7.8 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Council's S151 Officer, having consulted the Cabinet Member for Corporate Services and Budget, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Table 11:

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A – Arlingclose (Treasury Management Advisors) Economic & Interest Rate Forecast – December 2023

Underlying assumptions:

- UK inflation and wage growth remain elevated but have eased over the past two months fuelling rate cuts expectations. Near-term rate cuts are unlikely, although downside risks will increase as the UK economy likely slides into recession.
- The MPC's message remains unchanged as the Committee seeks to maintain tighter financial conditions. Monetary policy will remain tight as inflation is expected to moderate to target slowly, although some wage and inflation measures are below the BoE's latest forecasts.
- Despite some deterioration in activity data, the UK economy remains resilient in the face of tighter monetary policy. Recent data has been soft but mixed; the more timely Purchase Managers' Index (PMI) figures suggest that the services sector is recovering from a weak Q3. Tighter policy will however bear down on domestic and external activity as interest rates bite.
- Employment demand is easing. Anecdotal evidence suggests slowing recruitment and pay growth, and Arlingclose expects unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household and business spending will therefore be weak.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. Arlingclose believes policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects have diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant policy loosening in the future to boost activity.
- Global bond yields will remain volatile. Markets are currently running with expectations of near-term US rate cuts, fuelled somewhat unexpectedly by US policymakers themselves. Term premia and bond yields have experienced a marked decline. It would not be a surprise to see a reversal if data points do not support the narrative, but the current 10-year yield appears broadly reflective of a lower medium-term level for Bank rate.
- There is a heightened risk of geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in December. Arlingclose believes this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate have become more balanced, due to the weakening UK economy and dampening effects on inflation. This shifts to the downside in the short term as the economy weakens.
- Long-term gilt yields are now substantially lower. Arlingclose expects yields to be flat from here over the short-term reflecting medium term Bank Rate forecasts. Periodic volatility is likely.

Table 12:

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.77	3.75	3.75	3.75	3.70	3.60	3.50	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.72	3.75	3.80	3.80	3.80	3.80	3.80	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.16	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.25
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.76	3.80	3.85	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.95	3.95	3.95
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix B – Existing Investment and Debt Portfolio Position

Table 13:

	31.03.23 Balance £m	New £m	Repaid £m	Change in Market Value £m	Movement £m	31.12.23 Balance £m	31.12.23 Average Rate %
External Borrowing:							
Public Works Loan Board	250.579	0	-6.405	0	-6.405	244.174	4.37
Local authorities (inc D2N2)	224.500	214.000	-215.000	0	-1.000	223.500	4.50
LOBO loans from banks	5.000	0	-5.000	0	-5.000	0	n/a
Other loans	10.000	0	0	0	0	10.000	4.69
Total External Borrowing	490.079	214.000	-226.405	0	-12.405	477.674	4.44
Other Long-Term Liabilities (PFI, Leases, Transferred Debt)	55.187	0	0	0	-0	55.187	n/a
Total Gross External Debt	545.266	214.000	-226.405	0	-12.405	532.861	n/a

Treasury Investments:							
Local Authorities & UK Govt	218.500	298.500	-394.000	0	-95.500	123.000	2.88
Banks (unsecured)	32.586	0	-22.335	0	-22.335	10.251	4.65
Registered Providers	10.000	0	0	0	0	10.000	1.65
Negotiable Instruments	23.004	42.917	-65.921	0	-23.004	0	n/a
Money Market Funds	0.000	255.000	-195.000	0	60.000	60.000	5.36
Total Deposits	284.090	596.417	-677.256	0	-80.839	203.251	3.64
 Bonds	 4.539	 0	 0	 0.215	 0.215	 4.754	 4.76
Equities UK	8.106	0	0	0.042	0.042	8.148	6.09
Equities Global	6.502	0	0	0.157	0.157	6.659	3.37
Multi Asset Funds	22.471	0	0	0.544	0.544	23.015	3.99
Property	23.013	0	0	-0.749	-0.749	22.264	4.90
Total Strategic Pooled Funds	64.631	0	0	0.209	0.209	64.840	4.57
 Total Treasury Investments						268.091	3.87
 Net Debt						264.770	

Non-Treasury Investment Strategy Report 2024-25

Introduction

- 1.1 The Council invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**);
 - to support local public services by lending to or buying shares in other organisations (**service investments**); and
 - to earn investment income (known as **commercial investments** where this is the main purpose).
- 1.2 This Investment Strategy meets the requirements of statutory guidance issued by Government in January 2018 and focuses on the second and third of these categories.
- 1.3 The statutory guidance defines investments as “all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios.” The Council interprets this to exclude (a) trade receivables which meet the accounting definition of financial assets but are not investments in the everyday sense of the word and (b) property held partially to generate a profit but primarily for the provision of local public services. This aligns the Council’s definition of an investment with that in the 2021 edition of the CIPFA Prudential Code, a more recent piece of statutory guidance.

Treasury Management Investments

- 2.1 The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, leads to a cash surplus, which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The balance of Treasury Management investments is expected to fluctuate between £10m and £192m during the 2024-25 financial year.
- 2.2 **Contribution:** The contribution that these investments make to the objectives of the Council is to support effective Treasury Management activities.

- 2.3 **Further details:** Full details of the Council's policies and its plan for 2024-25 for Treasury Management investments are covered in the Treasury Management Strategy included at Appendix Four.

Service Investments: Loans

- 3.1 **Expected Repayment for 2024-25:** The Council lends money to its local regeneration partners to stimulate local economic growth. The Council also lends money to its local Community Trusts to support local public services.
- £11.390m advanced + £1.663m capitalised interest and fees at 31 March 2023: Local Regeneration Partners – to Buxton Crescent Hotel Ltd – to regenerate the historic Buxton Crescent by redeveloping a derelict Grade I listed building at Buxton Crescent into a boutique hotel and spa. This will boost the economy and tourism in Buxton and the High Peak area.
 - £0.500m advanced + £0.014m accrued interest at 31 March 2023: Community Trusts – to Chesterfield Football Club Community Trust for sporting and community provision in the greater Chesterfield area. Expected repayment of £0.046m estimated for 2024-25.
- 3.2 **Security:** Each loan requires individual Cabinet or Council approval. The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes

Category of borrower	31 March 2023 actual			2024-25
	Balance owed £m	Loss allowance (paragraph 3.4) £m	Net figure in accounts £m	Approved Limit £m
Local Regeneration Partners	13.053	-2.802	10.251	13.480
Local Community Trusts	0.514	-0.051	0.463	0.455
TOTAL	13.567	-2.853	10.714	13.935

- 3.3 Accounting standards require the Council to set aside loss allowance for loans, prudently reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. The loss allowance does not affect the Council's right/expectation to recover the total debt. The Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.
- 3.4 **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding service loans by:

Buxton Crescent Hotel Ltd

Although the hotel sector had recovered post-lockdown, inflation has reduced disposable income which will adversely affect the hospitality sector. In 2021-22, the Council agreed to the directors' request to re-negotiate the terms of the loan. This included an amended split of fixed/variable interest rates, an extension to the term of the loan and an extension to the repayment holiday.

The Council's borrowing is secured by a legal charge over the property and directors' guarantees. The directors provide monthly management information, profit and loss and cashflow estimates. The risk of loss of £2.802m is based on £1.663m of capitalised interest which has been written off by the Council and £1.139m representing 10% of the capital advanced.

Chesterfield Football Club Community Trust

The Council's borrowing is fully secured on the stadium. The risk of loss based upon an Arlingclose non-rated corporate estimate of 10.0%, is £0.051m on the loan amount outstanding of £0.514m at 31 March 2023.

Chesterfield Football Club also suffered from reduced income during Covid-19 restrictions, but now is business as usual.

- 3.5 **Proportionality:** As the Council's traditional investments reduce, the Council is increasingly dependent on achieving the expected net profit from investments over the lifecycle of the Medium-Term Financial Plan. Table 2 below shows the extent to which the expenditure planned to meet the service delivery objectives of the Council is dependent on achieving the expected net profit from investments over the lifecycle of the Medium-Term Financial Plan.

Table 2: Proportionality of Investments

	2022-23 Actual £m	2023-24 Forecast £m	2024-25 Budget £m	2025-26 Budget £m	2026-27 Budget £m
Investment income	0.521	0.975	0.046	0.046	0.046
Gross service expenditure	1,173.650	1,238.814	1,188.808	1,188.808	1,188.808
Proportion	0.04%	0.08%	0.01%	0.01%	0.01%

Capacity, Skills and Culture

- 4.1 **Statutory officers:** The Director of Finance & ICT, who is the Council's S151 Officer, holds semi-annual meetings with the Council's Treasury Management advisors to discuss the Council's Treasury Management Strategy. The Council's Treasury Management advisors can also provide advice and guidance on the Council's Non-Treasury Investment Strategy.
- 4.2 **Elected members:** The Council's elected members involved in the investments decision making process have received periodic training from the Council's S151 Officer, to ensure they have the appropriate capacity, skills and information to enable them to:
- To assess individual assessments in the context of the strategic objectives and risk profile of the local authority.
 - To enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority.
- 4.3 **Commercial deals:** The Council's S151 Officer is aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate.
- 4.4 **Corporate governance:** The Council's corporate governance arrangements are detailed in the Treasury Management Manual.
- 4.5 **Investment Indicators:** The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.
- 4.6 **Total risk exposure:** Table 3 shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third-party loans.

Table 3: Total investment exposure

Total investment exposure	31.03.2023 Actual £m	31.03.2024 Forecast £m	31.03.2025 Forecast £m
Treasury management investments (excluding strategic pooled funds) *	314.090	88.422	10.000
Strategic pooled funds	64.631	64.840	0
Service investments: Loans	13.567	14.452	13.935
TOTAL INVESTMENTS	392.288	167.714	23.935
Commitments to lend	0.373	0	0
TOTAL EXPOSURE	392.661	167.714	23.935

*£10m minimum balance requirement for MIFID professional status.

- 4.7 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. The Council does not currently hold any investments funded from borrowing.

Table 4: Investments funded by borrowing

Investments funded by borrowing	31.03.2023 Actual £m	31.03.2024 Forecast £m	31.03.2025 Forecast £m
TOTAL FUNDED BY BORROWING	0.000	0.000	0.000

- 4.8 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 4: Investment rate of return (net of all costs)

Investments net rate of return	2022-23 Actual %	2023-24 Forecast %	2024-25 Forecast %
Treasury management investments (excluding *)	2.09	3.95	4.15
*Strategic Pooled Funds	5.16	4.57	n/a
Service Investments: Loans	5.72	7.65	7.65
ALL INVESTMENTS	2.72	4.52	6.28

Table 5: Other investment indicators

Indicator	2022-23 Actual	2023-24 Forecast	2024-25 Forecast
Debt to net service expenditure ratio	1:1.29	1:1.69	1:2.15
Service Loans income to net service expenditure ratio	1:1217	1:717	1:558

Capital Strategy 2024-25

- 1 Introduction**
- 2 Objectives of strategy**
- 3 Capital Programme and Key Projects**
- 4 Approach to capital investment**
- 5 Commercial activity and investment property**
- 6 Loans**
- 7 Governance arrangements**
- 8 Funding streams**
- 9 Key strategies impacting on the Capital Strategy**
- 10 Prudential Indicators**
- 11 Knowledge and skills**

1 INTRODUCTION

- 1.1 The Capital Strategy is intended to provide a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and the implications for future financial sustainability. Decisions made on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and local policy framework, as summarised in this report.

Financial Context

- 1.2 Local authorities continue to operate in a financially challenging environment. After many years of real terms reductions in levels of government funding, the Council is facing significant increases in the cost of delivering services across all areas. Price increases across supplies and services, rising construction and materials costs, and pay inflation during 2023-24 have resulted in significant budget pressures in many areas. This has been compounded by the impact of the cost-of-living crisis on residents, growing demand for Adult Social Care and Children's Social Care, Special Educational Needs services and Home to School Transport.
- 1.3 This combination of rising costs and growing demand means that the financial sustainability of the Council is facing unprecedented pressures. The Council is considering how it operates its services, both in the short and medium term, which will impact on how capital resources are prioritised, deployed and managed.

Capital Expenditure and Financing

- 1.4 Capital expenditure is expenditure on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.
- 1.5 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as the minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (capital receipts) may be used to replace debt finance.

Prudential Code

- 1.6 The Prudential Code for Capital Finance in Local Authorities sets out a framework that was updated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2021. The framework supports local strategic planning, local asset management planning and option appraisal.
- 1.7 The objectives of the Prudential Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.
- 1.8 The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long-term financing implications and potential risks to the authority.
- 1.9 The Prudential Code sets out that in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, the capital strategy should set out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

Capital Investment Programme

- 1.10 In addition to the approved capital investment programme, the Capital Strategy also considers the Council's ambitions over the medium to long term. The implementation of this strategy will ensure that:
- Capital Investment has a direct relationship to the Council Plan and supports its corporate objectives.
 - Members and senior officers have a common understanding of the long-term context in which investment decisions are made and the financial risks which the council is exposed to.
 - There is a framework for the review and management of existing and future assets (The Asset Management Strategy).
 - There is an investment programme that is expressed over the medium term.
 - There is a framework that prioritises the use of capital resources.
- 1.9 This Capital Strategy sets out a framework for the self-management of capital investment and financing.

2 OBJECTIVES OF THE STRATEGY

- 2.1 The Capital Strategy outlines the principles and framework that shape the Council's investment proposals, aiming to deliver an affordable programme of capital investment which is consistent with the Council's financial strategy and contributes to the priorities set out in the Council Plan.
- 2.2 The Strategy sets the Council's approach to capital investment, identifying the issues and options affecting capital spending, and sets out how available resources to fund the capital programme will be managed.
- 2.3 The capital strategy should support the key priorities laid out in the Council's Council Plan. Each capital proposal is required to clearly demonstrate how the project links to the Council's priorities, which are:
 - 1. Resilient, healthy and safe communities.
 - 2. High performing, value for money and resident focused services.
 - 3. Effective early help for individuals and communities.
 - 4. A prosperous and green Derbyshire.

3 CAPITAL PROGRAMME AND KEY PROJECTS

- 3.1 The Council has an existing Capital Investment Programme which has been approved by Full Council in previous years. Delivery of this programme is subject to quarterly monitoring and reported to Executive Cabinet. The existing approved Capital Programme and projected expenditure as at quarter 2 in 2023-24 was as follows:

Table 1 – Approved Capital Programme (At 30 September 2023)

Existing Capital Programme	Approved Budget	Total projected spend by 31 March 2024	Projected Spend in Future years	TOTAL planned spend	Net (Under) / Over
Department	£m	£m	£m	£m	£m
Adult Social Care & Health	91.854	88.919	1.687	90.606	(1.248)
Children's Services	189.486	142.308	39.705	182.013	(7.473)
Corporate Services and Transformation	46.075	36.778	11.960	48.738	2.663
Place	391.868	345.113	39.175	384.288	(7.580)
Total	719.283	613.118	92.527	705.645	(13.638)

3.2 Appendix Two of this report includes the proposed new Capital Starts for 2024-25 which, if approved, will be added to the Capital Programme.

Table 2A – Proposed New Capital Starts for 2024-25

New Projects	2024-25	2025-26	2026-27	Total
Department	£m	£m	£m	£m
Adult Social Care & Health	9.898	0.000	0.000	9.898
Children's Services	14.61	7.467	0.848	22.925
Corporate Services and Transformation	10.677	17.375	6.025	34.077
Place	30.512	1.341	1.216	33.069
Contingency	0.200	0.200	0.200	0.600
Total	65.897	26.383	8.289	100.569

Table 2B – New Capital Starts Financing

New Capital Starts for 2024-25	Financing			
	Grant	Capital Receipts	Borrowing	Total
	£m	£m	£m	£m
Adult Social Care & Health	7.898	0.000	2.000	9.898
Children's Services	22.925	0.000	0.000	22.925
Corporate Services and Transformation	10.100	1.027	22.950	34.077
Place	27.371	0.000	5.698	33.069
Contingency	0.000	0.000	0.600	0.600
Total	68.294	1.027	31.248	100.569

Table 2C – Borrowing Profile for New Capital Starts

Borrowing Profile for New Capital Starts	Financing Year			
	2024-25	2025-26	2026-27	Total
Borrowing	14.991	8.816	7.441	31.248

3.3 Within the Council Plan are a number of key projects and priorities which are, or will, have an impact on the Council's Capital Programme in 2024-25 and beyond:

- Complete the delivery of a £120 million 3-year Local Transport Programme to provide well managed roads and highways and address road safety concerns.
- Submit a planning application and continue to progress proposals for the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area.
- Reduce the level of flood risk to the residents and businesses of Derbyshire through our planning role, the delivery of flood mitigation schemes and working with communities to develop flood resilience measures.

- Develop and deliver a strategic approach to sustainable travel and transport across the county, including the promotion of cycling and walking.
- Work with District and Borough Council and other partners to identify an average of 3 new sites each year that will increase the amount of age-appropriate accommodation and support for older people.
- Continue to deliver the Climate Change Strategy and Action Plan which sets out priorities to reduce the county's greenhouse gas emissions.
- Reduce greenhouse gas emissions from Council property, vehicles and street lighting to 12,310 tonnes CO₂e by 2024 and net zero by 2032.
- Work with schools and other education providers to implement new strategies and support, to enable children and young people to achieve their educational potential and begin to catch up on learning they have missed due to COVID-19 restrictions.
- Implement the Asset Management Strategy and Property 2025 programme, reviewing and rationalising our land and building assets and ensuring an effective plan is in place for the management of those we retain.
- Implement actions from the review of Modern Ways of Working with a focus on the workstream exploring the future development of County Hall.
- Finalise and implement a new Digital Strategy for Derbyshire, including support for the roll out of gigabit technology.
- Work with partners towards the production of a Development Framework that provides a positive unified vision for the Derwent Valley Mills World Heritage Site, that highlights development possibilities, and identifies the infrastructure that is needed to release the site's potential.

3.4 In addition to this, the Council's Asset Management Strategy 2022-2025 identifies additional activities which may impact on the Council's Capital Programme:

- Continue to centralise all land and property assets, to ensure a consistent strategic approach to property decisions and building management and a single point of accountability for budgets and costs.
- Delivering the Property 2025 programme to review every asset and ensure that there is a plan in place for its effective management.
- Developed an Estate Management Strategy and Disposal Protocol which delivers the objectives of the Asset Management Strategy, the asset challenge process and the asset plans, ensuring that the Council only retains the buildings that it needs to deliver services.

4 APPROACH TO CAPITAL INVESTMENT

- 4.1 The Council's Capital Strategy defines and outlines the Council's approach to capital investment and is fundamental to the Council's financial planning processes. It aims to ensure that:
- An affordable and sustainable capital programme is delivered.
 - Use of resources and value for money is maximised.
 - A clear framework for making capital expenditure decisions is provided.
 - A corporate approach to generating capital resources is established.
 - Access to sufficient long-term assets to provide services are acquired and retained.
 - Invest to save initiatives to make efficiencies within the Council's revenue budget are encouraged.
 - An appraisal and prioritisation process for new schemes is robust.
 - Capital expenditure contributes to the achievement of the Council's Strategic Plan.

5 COMMERCIAL ACTIVITY AND INVESTMENT PROPERTY

- 5.1 The CIPFA Code defines investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income-driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.
- 5.2 The Council does not currently borrow to fund these types of activities.

6 LOANS

- 6.1 The Council has discretion to make loans for a number of reasons, primarily to promote economic growth. These loans are treated as capital expenditure where the loan is enabling another body to buy or develop assets.
- 6.2 In making loans the Council is exposing itself to the risk that the borrower defaults on repayments. The Council, in making these loans, must therefore ensure they are prudent and has fully considered the risk implications, with regard to both the individual loan and that the cumulative exposure of the Council is proportionate and prudent.
- 6.3 The Council will ensure that a full due diligence exercise is undertaken and adequate security is in place. The business case will balance the

benefits and risks. All loans are agreed by Cabinet. All loans are subject to close, regular monitoring.

6.4 For further details, refer to the Investment Strategy in Appendix Five.

7 GOVERNANCE ARRANGEMENTS

Capital Programme Approvals

7.1 The Council's constitution and financial regulations govern the capital programme as set out below:

- All capital expenditure must be carried out in accordance with the Financial Regulations and the Council's Constitution.
- The expenditure must comply with the statutory definition of capital purposes as defined within this document and wider financial standards.
- The Capital Programme approved by Full Council as part of the Council's annual budget report sets the capital funding availability for the Council.
- Prioritisation of funding and the schemes receiving entry into the Capital Programme.
- Each scheme must be under the control of a responsible person/project manager.
- Any agreements (such as section 106) which contractually commit to procure capital schemes will need to follow the same approval process as other capital expenditure before it can be formally be incorporated into the Capital Programme.

Capital Programme Bodies

7.2 The main internal bodies that are responsible for the governance and management of the Capital Programme are the Full Council, Cabinet, Cabinet Member and the Capital Strategy Group.

- **Full Council:**
Approves the Capital Programme as part of the Annual Budget Report within the strategic boundaries set by the Council.
- **Cabinet/Cabinet Member:**
Approves additional schemes into the Capital Programme and cost variations to various schemes

Cabinet also receives the capital monitoring reports.

- **Capital Strategy Group:**
This is a cross-service group of Officers with a finance, service and property management background.

It is responsible for ensuring that the Council has a clear and cohesive strategy for managing its physical assets and to oversee the development and delivery of the Council's Capital Programme in support of that strategy.

8 FUNDING STREAMS

8.1 The Council's Capital Programme is funded from a mix of sources including:

- **Prudential Borrowing**

The introduction of the Prudential Code in 2004 allowed the Council to undertake borrowing to fund capital investment. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities. The Council must ensure that borrowing is affordable, prudent and cost effective. This has provided the Council with the flexibility to raise capital funding as demand and business need have dictated. This borrowing has revenue implications for the Council in the form of financing costs (interest payable on loans and minimum revenue provision for the repayment of borrowing). In the context of growing cost and demand pressures on the revenue budget, any decisions to fund capital investment from borrowing must carefully consider the revenue budget implications for future years.

- **External Grants**

The largest form of capital funding comes through as external capital grant allocations from Central Government departments, such as the Department for Transport and Department for Education. Key sources of capital grant funding are the Local Transport Plan Grant for Highways, and Basic Need and School Condition grants for Children's Services.

- **Section 106 and External Contributions**

Elements of the Capital Programme are funded by contributions from private sector developers and partners. Growth in Derbyshire has resulted in Section 106 contributions from developers accounting for significant elements of funding of the Capital Programme in recent years.

- **Revenue Funding**

The Council can use revenue resources to fund capital projects on a direct basis and this funding avenue has been used in the past. However, the impact growing demand and cost pressures on the Council's revenue budget has reduced options in this area. 'Invest to Save' options may be adopted where feasible if the capital

investment proposal can demonstrate ongoing revenue budget savings.

- **Capital Receipts**

The Council is able to generate capital receipts through the sale of surplus assets such as land and buildings. The Council seeks to maximise the level of these resources which will be available to support the Council's plans.

- 8.2 The size of the Capital Programme will be influenced by funding sources and financing costs. The main limiting factor on the Council's ability to undertake capital investment is whether the revenue resource is available to support in full the implications of capital expenditure, both borrowing costs and running costs, after allowing for any support provided by central government, now mainly through capital grants.

Minimum Revenue Provision

- 8.3 Where the Council finances capital expenditure from borrowing, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). The amount of Minimum Revenue Provision required to be charged each year to the revenue budget is determined by the Minimum Revenue Provision Policy Statement, which is set out in Appendix Seven.

9 KEY STRATEGIES IMPACTING ON THE CAPITAL STRATEGY

- 9.1 There are a number of key strategies in place that will significantly influence the Council's Capital Programme over the medium term.

(a) Property Asset Management Strategy

- 9.2 The aim of the Property Asset Management Strategy is to provide a framework for managing the corporate property portfolio, and ensure that the Council's estate is sustainable, efficient and fit for the purpose of delivering excellent services.
- 9.3 The aim of the strategy is to give clarity to the way we manage our assets, including:
- The organisational arrangements for asset management including policies and protocols.
 - The corporate processes for decision making in relation to our assets – Corporate Governance.
 - The performance measures and monitoring.
 - How we manage and maintain our data on land and buildings.

9.4 There are a number of strategies, policies and protocols that need to be in place to deliver strategic asset management effectively:

- Asset Management Plan
- Property Maintenance Strategy
- Estate Management Strategy
- Development Strategy
- Facilities Management Strategy
- Disposals and Acquisition Protocol.
- Community Asset Transfer Protocol.
- Lettings Protocol.
- Process for departments to follow when they have a property need.
- Process for departments to follow when they wish to vacate a property.
- Decommissioning Process.
- Property Review Process.

(b) Digital and ICT Strategies

9.5 The Council's Digital Strategy is in development in the context of a rapidly changing digital landscape. The Digital Strategy will define the Council's approach to systems and data use, to both drive and support service delivery in the future. The key objectives of the emerging Digital Strategy are as follows:

- To move to a modern cloud-based infrastructure with applications and data hosted in the cloud.
- An integrated application landscape to provide efficient interoperable systems and processes.
- Automate manual processes to provide additional capacity and deliver improved services to residents and the Council.
- Improve user experience by designing customer centric services.
- Utilise an Enterprise Architecture function to provide architectural governance, proactive end to end solutions and reduced complexity.
- Create a Business Information and Data Analytics function to harness to value of DCC's data and use it to provide evidence and insight for proactive decision making.

9.6 Alongside the Digital Strategy, the Council's ICT Strategy is also being developed. The ICT Strategy will define the ICT service necessary to deliver the Council's Digital Strategy, identify a Target Operating Model (TOM) for that service, identify the gap between the current 'as-is' operating model and the future 'to-be' operating model, and describe an implementation plan to transition to the future state.

9.7 Delivery of the Digital and ICT Strategies, and the future 'to-be' operating model may require future capital investment. Any future

investment requirements will become clearer as the strategies and implementation plan are finalised.

(c) Highways Infrastructure Asset Management Strategy

9.8 Highway infrastructure is the largest and most visible asset the Council is responsible for. With a gross replacement cost of around £11.0bn, it is fundamental to the delivery of the Council Plan. It includes over 5,000km of road network, as well as supporting public transport through cycle routes, public rights of ways, canals, bus stations and shelters, on-street parking, school buses and vehicle fleet. It reflects the character and quality of the local areas that it serves and makes an important contribution to the wider Council priorities, including regeneration, social inclusion, education, employment, recreation and health. In order to deliver these aims and strengthen local communities, it is crucial that it is maintained to enable safe, reliable and sustainable journeys.

9.9 There are a variety of factors that need to be taken into consideration when determining the Council's expectations for the highway service:

- Meeting national policy, guidance and codes of practice.
- Delivering Council goals – including maintenance policy and Local Transport Plan.
- Supporting Council Vision.
- Complying with legal duties, including Highways Act 1980, Traffic Management Act 2004 and The Equalities Act 2010.
- Enabling effective whole Government accounts and local financial reporting.
- Managing Stakeholder expectations – the Council readily engages with stakeholders through Elected Members, the National Transport and Public Satisfaction Survey, the DCC website, officer workshops and Midland Service Improvement Group (MSIG).
- Understanding future demands of the highway infrastructure assets.
- Making the best of financially constrained budgets.
- Delivering efficiency and value for money.
- Delivering long term improvements to the condition of the network.
- Providing a safe and reliable network.

9.10 The major groups of assets covered by the Strategy are:

- Carriageways
- Footways and Cycleways
- Structures (Bridges/retaining walls)
- Drainage
- Street Lighting
- Electronic Traffic Management

- Street Furniture (Traffic Signs/Vehicle Restraint Systems etc)

9.11 The major source of capital funding for the network is from the Local Transport Plan (LTP) grant from central government which is approximately £27m per annum.

(d) Economic Growth Strategy

9.12 Enabling and delivering economic growth and regeneration is one of the Council's priorities, particularly in the context of recovery from the pandemic. The economic development and place shaping aspirations for the Council may require Capital Investment, either directly by the County Council or through District and Borough Councils.

(e) Carbon Reduction Strategy

9.13 In October 2021, Derbyshire County Council approved a Climate Change Strategy, with the aim of reducing emissions generation by the Council to net-zero by 2032 or sooner. Delivery of the Carbon Reduction targets may require capital investment.

(e) Workplace, Wellbeing and People Strategies

9.14 The Council recognises the importance of the promotion and the maintenance of the physical and mental health, safety and wellbeing of its workforce, and the workplace has a significant role to play in wellbeing. Implementing actions from the Modern Ways of Working review may deliver asset led transformation, such as the future development of County Hall, which will have implications for the Capital Strategy.

10 TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS

10.1 This section of the Capital Strategy sets out the prudential indicators and outlines how expenditure will be financed by borrowing in an affordable, prudent and sustainable way. The Capital Strategy should be considered alongside the Treasury Management Strategy and Investment Strategy which are included as appendices four and five with this report.

Information and Advice

10.2 The Local Government Act 2003 enables local authorities to determine their programmes for capital investment and associated borrowing requirements, provided they have regard to the Prudential Code for Capital Finance in Local Authorities developed by CIPFA and also take advice from the Section 151 Officer.

- 10.3 The Executive Summary of the Code states that “The framework established by the Prudential Code should support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice.”
- 10.4 The Code sets out a number of prudential indicators designed to support and record local decision making and it is the duty of the Chief Financial Officer (the Council’s Section 151 Officer) to ensure that this information is available to Members when they take decisions on the Council’s capital expenditure plans and annual budget. Key issues to be considered are:
- Affordability (e.g. implications for Council Tax).
 - Prudence and sustainability (e.g. implications for external borrowing and whole life costing).
 - Value for money.
 - Stewardship of assets (Service objectives (e.g. alignment with the Council’s Strategic Plan).
 - Practicality (e.g. whether the capital plans are achievable).

Affordability

- 10.5 The fundamental objective in the consideration of the affordability of the Council’s capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the Council remains within sustainable limits.
- 10.6 In considering the affordability of its capital plans, the Council is required to consider all of the resources currently available to it and estimated for the future, together with the totality of its capital plans, income and expenditure forecasts.
- 10.7 Although capital expenditure is not charged directly to the revenue budget, the costs of financing capital expenditure need to be met from the annual revenue budget. These costs are known as financing costs and reflect:
- Interest payable on loans; and
 - Amounts set aside for repayments of amounts borrowed. This includes the Minimum Revenue Provision and repayments of amounts relating to PFI schemes and other finance lease liabilities.

Table 3 – Actual and Estimates of financing costs to net revenue stream

10.8 This indicator identifies the trend in the cost of capital against the net revenue stream, based on the Capital Programme.

	2022-23 Actual £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m
Financing costs of CFR	50.810	56.634	65.060	70.015	72.069
Net Revenue stream inc DSG	1,022.401	1,030.784	1,087.833	1,103.959	1,120.309
Percentage	4.97%	5.49%	5.98%	6.34%	6.43%
Net Revenue stream excluding DSG	637.012	638.392	695.441	711.567	727.917
Percentage	7.98%	8.87%	9.36%	9.84%	9.90%

Prudence and Sustainability

10.9 The Prudential Code requires that the Council shall ensure that all of its capital expenditure, investments and borrowing decisions are prudent and sustainable.

10.10 In doing so it will take into account its arrangements for the repayment of debt and consideration of risk and the impact on the Council's overall fiscal sustainability.

10.11 The Council is required to make reasonable estimates of the total capital expenditure that it plans to incur in the forthcoming financial year and at least the following two financial years.

10.12 As part of the Prudential Code arrangements the Council needs to calculate the Capital Financing Requirement (CFR). This figure is simply historic outstanding capital expenditure which has not yet been permanently financed through either capital or revenue resource. It is a measure of the Council's indebtedness and the underlying need to

borrow. Any capital expenditure which has not immediately been paid for through a revenue or capital resource will increase the CFR.

10.13 The Code also states that “In order to ensure that over the medium-term net debt will only be for a capital purpose, the local authority should ensure that net debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.” This is a key indicator of prudence.

10.14 As such there is a requirement to ensure that net debt (the sum of borrowing and other long-term liabilities, net of investments) in 2024-25 does not, except in the short-term, exceed £830.336m (i.e. the estimated CFR for 2026-27).

Table 4 – Estimates of Capital Expenditure and Capital Financing Requirement

	2022-23 Actual £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m
Capital Expenditure	100.308	229.150	206.430	182.030	117.070
Funding Sources:					
Borrowing	44.414	129.860	92.660	67.470	55.260
Capital receipts	1.548	3.920	6.310	2.300	0.000
Capital grants	54.273	94.950	107.460	112.260	61.810
Revenue	0.073	0.420	0.000	0.000	0.000
Total CFR at year end	594.275	700.655	766.812	805.029	830.336
Net movement in CFR	22.978	106.380	66.157	38.217	25.307
Minimum Revenue Provision	21.436	23.480	26.503	29.253	29.953
PFI & Leases in CFR	55.045	49.999	52.247	45.638	38.814
PFI & Leases in MRP	4.785	5.046	6.223	6.225	6.284

External Debt

10.15 The Local Government Act 2003 requires the Council to set two borrowing limits for next year and the following two years with respect to external borrowing.

Operational Boundary for External Debt

10.17 The Operational Boundary must be set for both borrowing and long term liabilities. This measure encompasses all borrowing and is used in-year as a tool for monitoring the Council's prudent borrowing requirements. The operational boundary is calculated by taking account of existing borrowing and long-term liabilities, planned new borrowing, net change in long term liabilities and any amounts set aside for repayment of debt.

Authorised Limit for External Debt

10.18 The Authorised Limit for external debt is a key prudential indicator as it is a control on the maximum level of borrowing. It represents a legal limit beyond which external debt cannot exceed, and this limit needs to be set or revised by full Council. It reflects the level of external debt which whilst not desired, is affordable in the short-term but is not sustainable in the longer term.

10.19 The Operational Boundary for external debt for the next three years is based on the forecast Capital Financing Requirement, which has regard to the forecast level of liabilities (including finance lease liabilities).

10.20 The Authorised Limit for 2024-25 is to be £843m and the Operational Boundary is to be £805m.

Table 5 – Authorised Limit for External Debt

	2022-23 Actual £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m
Authorised limit for external debt	769	813	843	886	913
Operational boundary for external debt	734	776	805	845	872
Borrowing	490	413	301	256	243
Other debt liabilities	55	50	52	46	39
Total	545	463	353	302	282

11 KNOWLEDGE AND SKILLS

- 11.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as its Treasury Management Adviser. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

Minimum Revenue Provision Statement 2024-25

- 1.1 Where the Council finances Capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the former Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018.
- 1.2 The broad aim of the MHCLG Guidance is to ensure that Capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 1.3 The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The Council's approach to the Minimum Revenue Provision for 2024-25 is as follows:
- For Capital expenditure incurred before 1 April 2008, MRP will be determined as 2.5% of the Capital Financing Requirement in respect of that expenditure.
 - For capital expenditure incurred after 31 March 2008, MRP will be determined as 2.5% of the Capital Financing Requirement, unless borrowing relates to any significant assets with a life of less than 20 years. In this case an annual amount based on the expected useful life of the individual assets will be used, determined on an asset by asset basis. MRP on Capital expenditure incurred after 31 March 2008 will start in the year after the expenditure is incurred.
 - For assets acquired by leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

- For capital expenditure loans to third parties which are funded from borrowing, the Council will make nil MRP, unless situations 'a' or 'b' apply, but will instead apply the Capital Receipts arising from principal repayments to reduce the Capital financing requirement instead.
 - Situation (a): the loan is an investment for commercial purposes and no repayment was received in year;
 - Situation (b): an expected credit loss was recognised or increased in-year.

In years where there is no principal repayment on loans that are investments for commercial purposes, MRP will be charged in accordance with the MRP Policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. Sufficient MRP will be charged to ensure that the outstanding Capital Financing Requirement (CFR) on the loan is no higher than the principal amount outstanding less the expected credit loss. This option was proposed by Government in its recent MRP consultation. The Council does not currently have any outstanding loans that were financed from borrowing.



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

Thursday, 01 February 2024

Report of the Managing Director

Council Plan 2024-25

(Cabinet Member for Strategic Leadership, Culture, Tourism and Climate Change)

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is a key decision because it is likely to result in the council incurring expenditure which is, or savings which are significant having regard to the budget for the service or function concerned and it is likely to be significant in terms of its effect on communities living or working in an area comprising two or more electoral areas in the County.

3. Purpose

3.1 To seek agreement of the authority's Council Plan 2024-25 for referral to Full Council for approval.

4. Information and Analysis

4.1 The Council Plan sets out the council's ambition and values together with the outcomes that the council is seeking to achieve, working with partners and local communities. The council has always been and remains a well-run and prudently managed council that delivers vital, high quality, value-for-money services for the residents of Derbyshire.

Spending money wisely and making the best use of available resources is at the heart of all decisions and is one of the core values that underpins how the council operates. The Plan for 2024-25 has been developed in the context of intense pressure on the council's budget, due to a combination of rising costs and rising demand for services, particularly for the safeguarding of children and adult social care. These pressures mean that the council has had to make difficult decisions to further prioritise its resources. The Plan acknowledges these challenges but also reflects the future aspirations the council has for Derbyshire.

- 4.2 This year the council has changed the way it conducts strategic planning by implementing a new Integrated Strategic Planning approach. This has been designed to achieve a closer integration of service and financial planning and to establish a clearer golden thread that better connects the council's ambition and outcomes to operational activity and resources.

The new approach has involved the development of planning assumptions, an agreed and understood set of assumptions about the forthcoming year for the council to plan against. Using these assumptions, the council has identified a set of Strategic Objectives and supporting actions, setting out the key activity the council must deliver in the year to achieve the council's Ambition and Outcomes.

A total of 33 Strategic Objectives have been identified for delivery during 2024-25, each aligned to one of the council's five Outcomes, as follows:

- **Resilient, thriving, and green communities** which share responsibility for improving their areas and supporting each other
- **Happy, safe, and healthy people**, with solid networks of support, who feel in control of their personal circumstances and aspirations
- **A strong, diverse, and clean economy** which makes the most of Derbyshire's rich assets and provides meaningful opportunities for local people to achieve their full potential
- **Great places to live, work and visit** with high performing schools, diverse cultural opportunities, transport connections that keep things moving and a healthy and sustainable environment for all
- **High quality public services** that work together alongside communities to deliver services that meet people's needs

The Strategic Objectives have been plotted against the 2024-25 timeline and this has been represented as a Base Plan, enabling a single overview of planned activity throughout the year to be created.

- 4.3 The Base Plan promotes a better understanding of the full range of planned activity and resource requirements across the organisation, assisting the council to evaluate its strategic options and to prioritise activity. This supports the alignment of the budget to the council's priorities, assists effective resource planning and enables the council to ensure that its ambitions match the organisation's capacity to deliver.

The Base Plan will also be used to present and track the council's performance in achieving the Strategic Objectives, supporting a better understanding of the overall progress the council is making and enabling a stronger strategic focus on any key areas of underperformance.

5. Council Plan

- 5.1 The 33 Strategic Objectives and Base Plan are set out in the Council Plan and are supported by a Strategic Objectives Implementation Plan. Each department's Service Plan will align to the delivery of the Council Plan.
- 5.2 The Council Plan acknowledges the key achievements for the council during 2023-24, including our continued work with partners to secure the £1.14bn devolution deal for the East Midlands, guaranteeing income streams of £38m each year over the next 30 years; supporting residents and businesses affected by significant flooding in parts of the county; achieving a 70% reduction in carbon emissions from council land and property since 2009-10; supporting local people facing financial hardship due to the high cost of living and continuing to meet the high demand for children's safeguarding and adult social care services.
- 5.3 A range of activity is set out in the Plan to support the achievement of the council's outcomes for Derbyshire, these include:
- Delivering devolution, where the transfer of both powers and funding from government will help to improve local transport, adults skills training, housing and the environment, encouraging the creation of quality local jobs that give people a decent standard of living and a better quality of life
 - Driving forward the council's ambition to reduce carbon emissions generated by the council to net zero by 2032, or sooner, by tackling the more challenging emissions and identifying how the further reductions needed might be achieved using appropriate carbon offsetting measures including renewable energy generation and tree planting.

- Working with communities, businesses, and partners to share responsibility for reducing greenhouse gas emissions generated across the county from our homes, transport and industry to net zero by 2050 or sooner
- Continuing our focus on providing effective children's safeguarding services and supporting people to live independently at home
- Delivering a safe, fit for purpose Highways Service and sustainable and integrated transport solutions for the residents of Derbyshire
- Continuing to support sustainable growth in the Derbyshire Economy, through activities such as delivery of business support programmes and implementing the county's Digital Strategy
- Working with partners to support people to lead healthier and safer lives through a wide range of activities from work to strengthen community infection prevention to welcoming refugee families and supporting victims of domestic abuse

5.4 The draft Council Plan 2024-25 is attached at Appendix 2 and is recommended for agreement by Cabinet and referral to Council for approval. This is supported by a Strategic Objectives Implementation Plan 2024-25 which sets out clear timescales and lead responsibility for undertaking each of the Strategic Objectives, which is attached at Appendix 3. The draft Service Plans supporting the delivery of the Council Plan will be brought to Cabinet for consideration in March 2024.

6. Consultation

- 6.1 As part of the process for developing the four-year Council Plan for 2021-2025, consultation took place between 18 December and 29 January 2021 for a period of six weeks in 2021. As a result of the consultation, a number of changes were made to help strengthen the Council Plan 2021-25.
- 6.2 Annual updates to the Council Plan are also shaped by ongoing consultation and engagement including for instance, the Your Council Your Voice residents survey, the Youth Network, Older People's Forum and Black and Minority Ethnic Communities Forum.

7. Alternative Options Considered

- 7.1 Alternative Option 1- Do Nothing. The council could continue to progress the existing Council Plan and Service Plan documents until they expire in 2025. This option is not desirable as it would mean any new strategic priorities would not be accounted for in the existing Plans.

8. Implications

- 8.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

9. Background Papers

- 9.1 Report to Cabinet 11 March 2021– Council Plan 2021-2025, including:

- Appendix A – Council Plan 2021-25
- Appendix B – Consultation Summary
- Appendix C – Delivery Plan 2021-22

10. Appendices

- 10.1 Appendix 1 – Implications

- 10.2 Appendix 2 – Council Plan 2024-25

- 10.3 Appendix 3 – Strategic Objective Implementation Plan 2024-25

11. Recommendation(s)

That Cabinet:

- a) Agrees the authority's Council Plan for 2024-25 and recommends it to full Council for approval.
- b) Notes the Strategic Objectives Implementation Plan 2024-25.

12. Reasons for Recommendation(s)

- 12.1 The approval of the Council Plan 2024-25 will ensure that the council's key strategic priorities and activity remain up to date.

13. Is it necessary to waive the call-in period?

- 13.1 No.

Report Author: Laura Howe

Contact details: Laura.Howe@derbyshire.gov.uk

Implications

Financial

- 1.1 Information regarding the council's budget is set out in the Council Plan alongside the outcomes the council is seeking to achieve. There are also a range of actions in the Council Plan to ensure the council continues to deliver value for money.
- 1.2 Budgetary resources required to deliver each of the key actions in the Council Plan have been considered. The council's Base Plan has been included in the Council Plan; this supports resource planning and helps to ensure that the council's ambitions are matched by the organisation's capacity to deliver.

Legal

- 2.1 There is no specific statutory requirement for the council to have a Council Plan. However, it is important that the council sets out its ambition and objectives so that Members, employees, residents and stakeholders have a clear understanding of what the council seeks to achieve. Legal advice will be provided on individual projects and initiatives included in the Council Plan as necessary.
- 2.2 The Council's Corporate Plan is included in the Policy Framework listed in the Council's Constitution (Section D of Appendix 1 – Responsibility for Functions). As a result, approval of the Plan is treated as the joint responsibility of Cabinet and Council.

Human Resources

- 3.1 The Council Plan sets out the Council's Strategic Objective to develop and engage the council's workforce. Workforce considerations are a key factor across the Plan, particularly for the adult care sector that is currently facing significant pressure. Advice will be provided on individual projects to ensure that workforce implications are understood and managed in line with the council policies.

Information Technology

- 4.1 The council is committed to the provision of cost effective, reliable and secure technology through the implementation of a corporate ICT improvement programme as set out in the Plan. This will ensure that employees have access to the digital technologies, systems and

workspaces required to support the council's organisational transformation and delivery of the Enterprising Council ambitions.

- 4.2 Resources required to deliver the Plan, including Information Technology requirements, have been considered for each key activity and these are set out in the Strategic Objectives Implementation Plan.

Equalities Impact

- 5.1 The council is committed to enhancing the wellbeing of communities and individuals and to promoting equality and diversity, and this has been embedded throughout the Plan.

Corporate objectives and priorities for change

- 6.1 The Council Plan clearly sets out the council's Ambition, Outcomes, and Strategic Objectives.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 Health and safety considerations will be incorporated into the planning for the individual projects and initiatives included in the Council Plan as required.
- 7.2 The Council Plan outlines the council's ambition of being a net zero carbon organisation by 2032, or sooner, and for the county of Derbyshire to be net zero by 2050. This includes a number of activities relating to climate change including developing a programme of work around resilience and adaptation; preparing a Local Nature Recovery Strategy; ongoing work to reduce emissions from Council land, building and operations; and working with partners, businesses, and communities to reduce carbon emissions across Derbyshire. Scenario plans to offset residual carbon emissions are also being explored including renewable energy generation, tree planting and habitat creation.
- 7.3 The Council Plan includes activities relating to enhancing the efficiency of the council's estate, improving the experience of both employees and customers at our sites by delivering fit for purpose spaces and developing a future vision and operating model for the County Council's headquarters.
- 7.4 In refreshing the Council Plan a review of strategic and operational risks for each Strategic Objective and underlying action has been undertaken

with all identified risks assessed and aligned with departmental risk registers.

- 7.5 Activity to ensure that high quality early help and safeguarding services are in place for adults, children and families is incorporated within the Council Plan.

Council Plan

Refresh 2024-25

Page 307

Contents

Please note that once approved a designed version of the Council Plan will be created in line with the existing style.

Foreword	3
About Derbyshire	6
About the Council	7
Our Ambition and Values	8
Our Outcomes	9
Our Strategic Approach	10
Our Services	12
Budget	13
Our Plan for 2024-25	14
Challenges and Opportunities	15
Integrated Strategic Planning	18
Strategic Objectives and Base Plan – what we will deliver in 2024-25	19
Delivering the Plan	27
Have your say	30

Foreword

One of the most important tasks of our year is to revisit and refresh our Council Plan and ensure it contains clear objectives for the year ahead as well as highlighting our ambitions and values and the outcomes we will strive to achieve.

Solid plans lie at the heart of all that we do and help us to steer a clear path to where we need to be over the course of the next 12 months, while identifying any challenges and opportunities along the way.

Rethinking the way we do our planning can be just as important, and as an enterprising council we are always looking to adapt and embrace new ways of thinking.

This year the council has changed the way it conducts strategic planning by implementing a new Integrated Strategic Planning approach.

As part of this new approach we have identified a set of strategic objectives and supporting actions, setting out key activities we must deliver in 2024-25.

You will find these 33 strategic objectives, all aligned to one of the five Outcomes, in the refreshed plan from page 19.

This new approach supports the alignment of the budget to the council's priorities, ensuring that our ambitions match our capacity to deliver.

This is hugely important due to the challenging financial situation that we, along with councils across the country, continue to face.

We have always been and remain a well-run and prudently managed council, but factors beyond our control, including higher than anticipated inflation, fuel and energy costs and a continuing increase in demand for adult social care and children's services continue to put enormous strain on our budget.

In autumn 2023 we announced a number of strict cost-control measures after an in-year overspend of £46.4m was forecast. We acted quickly to put these measures in place and the forecast overspend reduced to just under £33m by November 2023 with work continuing to bring this down. The council is also considering a number of budget saving proposals in order to set a balanced budget for 2024-25.

However, this will not solve the issues in the longer term and we anticipate having to make tough decisions in the coming months.

We recognise that the high cost of living continues to affect Derbyshire households and businesses too, putting them under a great deal of pressure.

We are working hard to ensure support gets to those who need it most during these challenging times. We have again funded a warm spaces programme, making £150,000 available to groups to support people who are feeling lonely or struggling to heat their homes this winter. We continue to deliver Welfare Rights advice and have approved funding of nearly £400,000 to Rural Action Derbyshire to enable them to continue supporting affordable food projects across the county.

Despite these difficult times, it remains as important as ever to continue our climate change work, and we are committed to reducing the harmful levels of greenhouse gas emissions.

Locally, we have seen more frequent extreme weather including significant flooding in parts of the county, causing extreme disruption to residents, damage to homes, businesses and the county's transport and highways infrastructure.

To achieve our ambitious target of reducing the greenhouse gas emissions generated by the council to net zero by 2032, or sooner, the council has been working hard to review and rationalise our land and building assets and reduce emissions from operations such as streetlighting and travel for council business.

These and other actions have enabled the council to achieve a 70% reduction in greenhouse gas emissions from its own estate and operations since 2009-10.

And we're delighted with the progress of our ambition to help facilitate the planting of one million trees across Derbyshire by 2030. Over 400,000 trees have already been planted, and this will be boosted following our successful bid to Defra to create a community forest – called Derbyshire's Heartwood Community Forest.

What is very clear in our refreshed Council Plan is that we continue to be ambitious for Derbyshire and our aspirations are as strong as ever.

Good news has come in the shape of the proposed East Midlands Combined County Authority which has moved one step closer to reality after the granting of Royal Assent to the Levelling Up and Regeneration Bill, paving the way for the creation of the EMCCA and the region's first Mayoral elections in May 2024.

We are extremely proud of our county, and we are confident that by working with communities and partners we can achieve the objectives set out in our refreshed Council Plan and therefore support our residents and communities to thrive.

Our focus overall remains on delivering value for money and putting Derbyshire residents at the heart of all that we do.

Foreword – Council Leader Councillor Barry Lewis and Managing Director Emma Alexander



About Derbyshire

- A county with a rich, diverse heritage with spectacular landscapes such as the Peak District National Park and other unique attractions such as the Derwent Valley Mills World Heritage Site
- Derbyshire is a largely rural county with many sparsely populated areas alongside larger built-up urban conurbations
- The county has a total population of 803,400 people
- Derbyshire's population is expected to increase by 13% by 2043. Across the county population growth varies from just 5% projected in Derbyshire Dales to 30% in South Derbyshire
- Derbyshire has an increasingly ageing population with the 85+ population set to double by 2043
- The county's Black and Minority Ethnic population has more than doubled over the ten last years, now representing 6% (50,200) of the county's population
- Derbyshire's economy is worth £17.9 billion with the largest sector being manufacturing which employs over 44,500 people
- Around 9.5 million people in the surrounding cities of Derby, Sheffield, Nottingham, Manchester, and Leicester live within easy reach of Derbyshire
- 28 market towns play a significant role in the local economy. Chesterfield is the county's largest town, with a population of 89,400

About the Council

Our Ambition and Values

Ambition

“We will work together with our partners and communities to be an enterprising council, delivering value for money and enabling local people and places to thrive”

Values

The way we work – we will:

- **Listen to, engage, and involve local people** ensuring we are responsive and take account of the things that matter most to them
- **Be open minded, honest, and accountable** ensuring the decisions that we make are fair and transparent
- **Spend money wisely** making the best use of the resources that we have
- **Work with partners and local communities** because we know that we cannot tackle complex problems on our own
- **Be aspirational** about our vision for the future, for our organisation, local people, and communities

Our Outcomes

We want Derbyshire to have:

- **Resilient, thriving, and green communities** which share responsibility for improving their areas and supporting each other
- **Happy, safe, and healthy people**, with solid networks of support, who feel in control of their personal circumstances and aspirations
- **A strong, diverse, and clean economy** which makes the most of Derbyshire's rich assets and provides meaningful opportunities for local people to achieve their full potential
- **Great places to live, work and visit** with high performing schools, diverse cultural opportunities, transport connections that keep things moving and a healthy and sustainable environment for all
- **High quality public services** that work together alongside communities to deliver services that meet people's needs

Our Strategic Approach

Our strategic approach governs how we work, as a council, with and for communities, and in collaboration with partners. Three key areas of activity underpin the approach – Enterprising Council, Thriving Communities and Vision Derbyshire. Together these areas have placed the Council in a stronger position to deliver its ambitions, adapt and respond to challenges and bring about the changes needed to ensure future success.

Moving forwards, over the forthcoming year the Council will be refreshing its strategic approach to drive forward the ambitions of the Council over the next four year planning period, 2025-2029. The way the Council works with partners will be evolving to align with the emerging East Midlands County Combined Authority and to ensure Derbyshire residents gain optimum value from the £1.14 billion regional investment that has been agreed with government as part of the devolution deal. Our future work with communities will be remodelled with a focus on effective delivery and aligning activity with other strategic programmes, ensuring that the refreshed approach reflects both what the Council does to support people, families and communities, as well as its ambitions for greater collaboration with communities and local agencies to address complex challenges. Driving efficiency, effectiveness and value for money across the organisation will be central to our approach, and the Council will be accelerating its focus on transformation and maximising opportunities, to address budget challenges and to deliver modern services local people want and need.

Our Strategic Approach

Thriving Communities

Supporting greater collaboration with and across our communities to bring about change, ensuring people and places thrive.



Thriving Communities
working with our communities to
succeed



Vision Derbyshire
working with our partners
to succeed

Vision Derbyshire

Collaborating with partners in new and powerful ways, maximising existing resources to collectively address complex challenges and shape future services to deliver better outcomes for local people and places.

Enterprising Council

Transforming the organisation, working as one council, ensuring we are prepared for the future and able to respond to the challenges and opportunities that lie ahead.



Enterprising Council
working within our
organisation to succeed

Our Services

The council is responsible for the delivery of a range of mandatory statutory duties including key functions such Adults Social Care, Education, Children's Safeguarding, Public Health, Highways, Waste management, Libraries and Trading Standards.

- A total of 64 elected members represent the residents of Derbyshire
- Supports 420 schools to offer the best education
- Provides safe, stable homes for children in our care
- Deals with concerns about child safety and wellbeing
- Supports older and disabled people to live independently at home
- Deals with requests for adult social care assessments, advice and information
- Runs 45 branch libraries and a mobile library service
- Maintains 3,597 miles of roads and 2,796 miles of pavements and footways each year
- Looks after 1,182 bridges, 495 footbridges, over 3,000 miles of rights of way and 89,900 streetlights
- Runs nine household waste recycling centres and disposes of more than 400,000 tonnes of waste each year

The council will continue to fulfil its statutory duties and has also set out in this Plan a set of strategic objectives that prioritises the key activity for delivery during the year within our available resources, so that the council can continue to drive improved outcomes for local people and value for money.

Budget

Please note that figures relating to the budget for 2024-25 will be included here once approved.

Our Plan for 2024-25

Challenges and Opportunities

Budget pressures

The council has always been and remains a well-run and prudently managed council that delivers vital, high quality, value-for-money services for the residents of Derbyshire. Spending money wisely and making the best use of available resources is at the heart of all decisions, being one of the core values that underpins how the council operates.

Like many other local authorities across the country, the council is facing significant financial pressures as a result of factors that are outside our control. High levels of inflation have driven up the cost of fuel, energy and materials and led to increases in the cost of delivering many essential local services.

The demand for many services such as adult social care and the safeguarding of children has also continued to rise. Alongside this, we can be called upon in our role of supporting communities to be safe and resilient, whether responding to public health challenges or supporting residents and businesses affected by significant flooding in parts of the county. This, together with the increasing cost of providing services is placing intense pressure on the council's budget resulting in difficult decisions needing to be made around spending.

The council is committed to finding a way through these difficult times. Our approach includes lobbying central government for additional resources, transforming the way in which we operate, making additional budget savings, scrutinising all spending decisions and putting in place cost control measures when required. The council recognises that many of the challenges cannot be faced alone, and we are committed to working collaboratively with our partners to combine resources and find solutions to deliver better outcomes for local people and businesses.

High cost of living

The challenging national economic conditions, including the high cost of food, fuel and energy prices continue to affect residents and businesses across the county, placing those already facing disadvantage at an even greater risk of severe financial hardship. The council is working to ensure support gets to those who need it most during these challenging times, including the delivery of the Welfare Rights advice and provision of warm, safe spaces in our buildings.

Climate Change

The council is committed to reducing the harmful levels of greenhouse gas emissions in the environment to help limit the devastating impact climate change can have upon communities as well as the natural and built environment. Locally, the increase in global temperatures has led to more frequent extreme weather events such as heatwaves, droughts, storms, and extreme rainfall. The frequency of significant flooding in parts of the county has also increased, causing damage to homes, businesses and the county's transport and highways infrastructure.

To achieve our ambitious target of reducing the greenhouse gas emissions generated by the council to net zero by 2032, or sooner, the council has been working hard to review and rationalise our land and building assets and reduce emissions from operations such as streetlighting and travel for council business. This has included reducing the number of journeys taken and encouraging employees to use public transport, walk or cycle, or use the council's pool of electric vehicles rather than their own cars.

These and other actions have enabled the council to achieve a 70% reduction in greenhouse gas emissions from its own estate and operations since 2009-10. As well as continued rationalisation of assets, further effort will be focused on tackling the more challenging emissions such as those resulting from heating council buildings and the further reductions required from business travel activity. Supplementary work is now underway to explore how the further reductions needed might be achieved, as well as how these projects can be funded. Where emissions cannot be reduced to zero, appropriate offsetting measures are being explored, which includes renewable energy generation on council land and buildings, tree planting and other forms of habitat creation.

The council is also helping reduce greenhouse gas emissions generated across the county from our homes, transport and industry to net zero by 2050 or sooner, by working with people in our communities, businesses, local councils, interest groups, other partners and government to take action and deliver the council's Climate Change Strategy: Achieving Net Zero (2021-2025).

Our aspirations for the future

Despite the ongoing challenges, our aspirations for Derbyshire remain as strong as ever.

The council will continue to work with partners to drive forward a collaborative working model across all local authorities in Derbyshire where there is common recognition in the value of tackling challenges together. This will initially include areas of work relating to economic development, business and skills and climate change.

Alongside Nottinghamshire County Council, Derby City Council and Nottingham City Council, the council has agreed a £1.14 billion devolution deal with government that has seen the councils working together to create a new Mayoral Combined County Authority for the East Midlands (EMCCA). This will see funding and powers move from national to regional level to improve transport, adults skills training, housing, the environment, and to encourage the creation of quality local jobs that give people a decent standard of living and a better quality of life.

Devolution also offers local people a much greater say over issues that affect them and will provide the funding and tools to help the area recover from the current challenging economic climate, ensuring support and opportunities are available to all, to build a fairer, more inclusive future for the county.

The granting of Royal Asset to the Levelling Up and Regeneration Bill in October 2023 and subsequent approval of plans by each of the four local authorities will see the creation of the EMCCA and the region's first Mayoral elections in May 2024.

Integrated Strategic Planning

As part of a new approach to integrated strategic planning, designed to achieve a closer integration of service and financial planning, the council has identified a set of Strategic Objectives which describe the key activity the Council must deliver in the year to achieve the Council's Ambition and five key Outcomes.

- **Resilient, thriving, and green communities which share responsibility for improving their areas and supporting each other**
- **Happy, safe, and healthy people, with solid networks of support, who feel in control of their personal circumstances and aspirations**
- **A strong, diverse, and clean economy which makes the most of Derbyshire's rich assets and provides meaningful opportunities for local people to achieve their full potential**
- **Great places to live, work and visit with high performing schools, diverse cultural opportunities, transport connections that keep things moving and a healthy and sustainable environment for all**
- **High quality public services that work together alongside communities to deliver services that meet people's needs**

A total of 33 Strategic Objectives have been identified for delivery and are set out on the following pages. The Strategic Objectives have been plotted against the 2024-25 timeline and this has been represented as a Base Plan, enabling a single overview of planned activity throughout the year to be created.

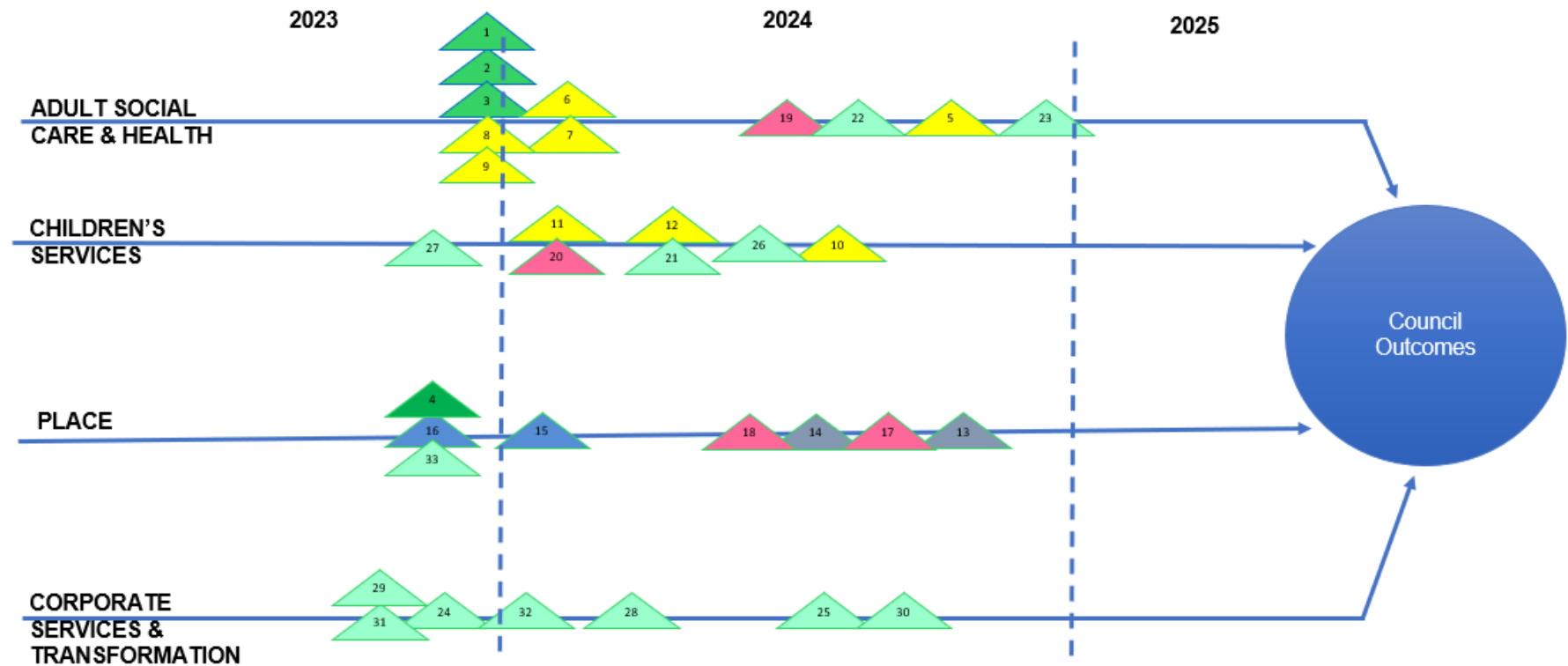
The Base Plan promotes a better understanding of the full range of planned activity and resource requirements across the organisation, assisting the council to evaluate its strategic options and to prioritise activity. This supports the alignment of the budget to the council's priorities, assists effective resource planning and enables the council to ensure that its ambitions match the organisation's capacity to deliver.

The Base Plan will also be used to present and track the council's performance in achieving the Strategic Objectives, supporting a better understanding of the overall progress the council is making and enabling a stronger strategic focus on any key areas of underperformance.

Strategic Objectives and Base Plan

What we will deliver in 2024-25

Strategic Objective Base Plan 2024-25



Outcome 1 - Resilient, thriving, and green communities which share responsibility for improving their areas and supporting each other

1. Support people of all ages and communities in need, including financial help from our Derbyshire Discretionary Fund, and other activities that promote financial inclusion and tackle cost of living pressures
2. Collaborate with partner agencies to promote positive mental wellbeing and improve support for local people with a particular focus on suicide prevention and building resilience
3. Support communities through partnership working to protect and enable people of all ages to live healthier and safer lives
4. Ensure council leadership in mitigating and adapting to the impacts of climate change, achieving net zero, and enabling nature recovery

Outcome 2 - Happy, safe, and healthy people, with solid networks of support, who feel in control of their personal circumstances and aspirations

5. Support people to live their best lives independently at home, connected to the community and local resources, stepping in with more help where needed
6. Help people recover and regain stability, independence and control following a personal crisis or illness
7. Work across the system with partners, carers and residents to provide support in a safe, supportive homelike setting
8. Work across Derbyshire with partners and key health services to deliver good health, resilience and wellbeing to enable children and young people to have the best start in life
9. Enable people and partner organisations to tackle key risk factors of health including inactivate lifestyle, smoking, diet and alcohol consumption to improve health outcomes
10. Implement our 'Stronger Families' team to support families in crisis, reduce admissions to care, and reunify families where safe to do so
11. Develop and implement a Placement Strategy for children and ensure sufficiency of accommodation and educational provision across Children's Services
12. Drive development and reform of our Fostering Service

Outcome 3 - A strong, diverse, and clean economy which makes the most of Derbyshire's rich assets and provides meaningful opportunities for local people to achieve their full potential

13. Support continued and sustainable growth in the Derbyshire economy

14. Drive preparation, facilitation and delivery of a regeneration programme for Derbyshire sites and infrastructure proposals to support regeneration and renewal

15. Develop and deliver a strategic approach to sustainable travel and integrated transport across the county

16. Develop the county's long-term Waste Strategy and integrated operating model to deliver a step change in recycling and environmental performance across the county

Outcome 4 - Great places to live, work and visit with high performing schools, diverse cultural opportunities, transport connections that keep things moving and a healthy and sustainable environment for all

Page 330

17. Establish and implement effective partnership arrangements with the East Midlands Combined County Authority (EMCCA) to maximise the benefits of a devolution deal for Derbyshire

18. Deliver a safe, effective, efficient and innovative Highways Service

19. Recognise and value carers and our Adult Social Care workforce and the contribution they make to sustaining care and support in a challenging market

20. Drive improvements to schools and services for children with special educational needs and disabilities (SEND)

Outcome 5 - High quality public services that work together alongside communities to deliver services that meet people's needs

- 21. Strengthen effectiveness of strategic partnerships to drive improved outcomes for children
- 22. Develop more equal partnerships between people who use services, carers and professionals to deliver better outcomes
- 23. Ensure there is a good choice of affordable Adult Social Care support available across the county with a focus on people's experiences and improving quality
- 24. Develop the council's Customer Experience Strategy to deliver improved resident satisfaction and community engagement
- 25. Develop and engage the council's workforce to enable the organisation to be an enterprising council
- 26. Develop a new operating model to support the effective delivery of Children's Services
- 27. Deliver the Children's Services Financial Strategy to improve outcomes for children and address rising demand
- 28. Develop and implement an improvement programme across the Finance service to ensure effective financial management

29. Enhance the efficiency of the council's property holdings by strategically, optimising the portfolio, ensuring it consists of affordable assets that support essential services or serve as viable investments
30. Improve customer and employee experience at our sites by delivering fit for purpose spaces that are consistent, positive and conducive to productivity, thereby supporting overall efficiency in service delivery
31. Drive asset-led transformation in service delivery by envisioning and developing the future County Council Headquarters and operating model, aligning them with the broader vision for the public estate
32. Implement a Digital Improvement Programme to better support and develop systems across the council
33. Embed best value principles in all aspects of Place service delivery, driving innovation and improvement in the achievement of council objectives

Delivering the Plan

The Council Plan is supported by an overarching Strategic Objectives Implementation Plan and the council's Financial Plan and each department has a Service Plan which sets out how the department will deliver the actions in the Council Plan.

In addition to monitoring progress on the actions set out above, the following measures will also be monitored on a quarterly basis to show how we're progressing in delivering the Council Plan. For further information, the Council Plan Implementation Plan, the Financial Plan, Departmental Service Plans and Quarterly Performance Reports on Council Plan progress are available on the Derbyshire County Council website.

Council Plan Measures

Resilient, thriving, and green communities

- Percentage of people supported by Health and Wellbeing coaches with a shared agreement
- Council carbon emissions from all main sources (excluding schools)
- Derbyshire carbon emissions from all sectors

Happy, safe, and healthy people

- Average Health Status improvements (physical health, psychological health and quality of life) reported through the Treatment Outcome Profile (completed within 5-26 weeks)
- Number of 6-8 week reviews delivered by the 0-19 Public Health Nursing Provider within the timeframe
- Number of New Birth visits delivered by the 0-19 Public Health Nursing provider between 10-14 days
- Number of individuals completing Live Life Better Derbyshire health and Wellbeing MOT
- Number of new people accessing support through a Direct Payment has increased
- Number of people achieving a 4 week Quit through Live Life Better Derbyshire smoking cessation programme
- Number of people following a safeguarding Section 42 enquiry say their outcome has been met
- Number of people participating in Live Life Better Derbyshire's weight management programme
- Number of people participating in physical activity sessions organised by Live Life Better Derbyshire
- Number of people participating in the Live Life Better Derbyshire smoking cessation programme

- Number of people who have been supported through short-term homecare offer and have fully regained their independence
- Percentage of people approaching Adult Social Care who have been supported to retain their independence through early help and signposting
- Proportion of children in care in internal residential provision
- Number of children returned home
- Number of children stepped down
- Children placed in ideal placement type according to their care plan
- Reduction in admissions to care
- Children successfully returned home from care
- Utilisation rate of council foster carers
- Number of council foster carers
- Reduce number of foster carers leaving the council
- Proportion of children living with council foster carers

Strong, diverse, and clean economy

- Number of public electric vehicle charging points installed working with partners
- Number of start-up businesses supported
- Percentage of household waste recycling rate
- Residual household waste (kg per household)

Great places to live, work and visit

- Number of carers accessing support services
- Number of people killed or seriously injured on the council's road network
- Timeliness of Education, Health and Care needs assessments
- Reduction in tribunals and appeals relating to Education, Health and Care plans
- Increase in parental satisfaction for school services for children with special educational needs and disabilities
- Road defect response times
- Percentage of Principal roads where maintenance should be considered
- Percentage of Non-principal classified roads where maintenance should be considered
- Percentage of the Unclassified road network where maintenance should be considered

High quality public services

- Percentage of residents who are satisfied with Derbyshire County Council
- Percentage of residents agreeing that they feel informed about council decisions
- Percentage of residents agreeing that the council provides value for money
- Achievement of in year budget savings
- Amount of money raised from the disposal of council land and buildings
- Time to hire (Days between a job vacancy shortlisting and contract offer)
- Sickness as a percentage of available working hours
- Monitor quality of Care Homes (18-64) across Derbyshire - percentage of offer that is outstanding/ good
- Monitor quality of Care Homes (65+) across Derbyshire - percentage of offer that is outstanding/ good
- Monitor quality of Home Care across Derbyshire - percentage of offer that is outstanding/ good

Have Your Say

Our Council Plan has been informed by engagement with service users, residents and communities, in particular through our Annual Residents Survey, Your Council Your Voice. We would very much welcome your views on the Plan.

If you would like to discuss any part of it, are interested in getting involved, have any comments or require more information then please contact:

Strategy and Policy
Derbyshire County Council
County Hall
Matlock
Derbyshire DE4 3AG

Email: policy@derbyshire.gov.uk
Telephone: Call Derbyshire: 01629 533190

Strategic Objectives Implementation Plan

2024-25

Page 337

Strategic Objectives Implementation Plan 2024-25

Resilient, thriving, and green communities

- | | | |
|---|--|----|
| 1 | Support people of all ages and communities in need, including financial help from our Derbyshire Discretionary Fund, and other activities that promote financial inclusion and tackle cost of living pressures | 6 |
| 2 | Collaboratively work with partner agencies to promote positive mental wellbeing and improve support for local people with a particular focus on suicide prevention and building resilience | 9 |
| 3 | Support communities through partnership working to protect and enable people of all ages to live healthier and safer lives | 10 |
| 4 | Ensure council leadership in mitigating and adapting to the impacts of climate change, achieving net zero, and enabling nature recovery | 15 |

Happy, safe, and healthy people

- | | | |
|----|--|----|
| 5 | Support people to live their best lives independently at home, connected to the community and local resources, stepping in with more help where needed | 18 |
| 6 | Help people recover and regain stability, independence and control following a personal crisis or illness | 20 |
| 7 | Work across the system with partners, carers and residents to provide support in a safe, supportive homelike setting | 21 |
| 8 | Work across Derbyshire with partners and key health services to deliver good health, resilience and wellbeing to enable children and young people to have the best start in life | 22 |
| 9 | Enable people and partner organisations to tackle key risk factors of health including inactivate lifestyle, smoking, diet and alcohol consumption to improve health outcomes | 24 |
| 10 | Implement our 'Stronger Families' team to support families in crisis, reduce admissions to care, and reunify families where safe to do so | 26 |
| 11 | Develop and implement a Placement Strategy for children and ensure sufficiency of accommodation and educational provision across Children's Services | 27 |
| 12 | Drive development and reform of our fostering service | 28 |

A strong, diverse, and clean economy

13	Support continued and sustainable growth in the Derbyshire economy	29
14	Drive preparation, facilitation and delivery of regeneration programmes for Derbyshire sites and infrastructure proposals to support regeneration and renewal	30
15	Develop and deliver a strategic approach to sustainable travel and integrated transport across the county	31
16	Develop the county's long-term Waste Strategy and integrated operating model to deliver a step change in recycling and environmental performance across the county	33

Great places to live, work and visit

17	Establish and implement effective partnership arrangements with the East Midlands Combined County Authority to maximise the benefits of a devolution deal for Derbyshire	35
18	Deliver a safe, effective, efficient and innovative Highways Service	35
19	Recognise and value carers and our Adult Social Care workforce and the contribution they make to sustaining care and support in a challenging market	37
20	Drive improvements to schools and services for children with special educational needs and disabilities (SEND)	38

High quality public services

21	Strengthen effectiveness of strategic partnerships to drive improved outcomes for children	39
22	Develop more equal partnerships between people who use services, carers and professionals to deliver better outcomes	40
23	Ensure there is a good choice of affordable Adult Social Care support available across the county with a focus on people's experiences and improving quality	41
24	Develop the council's Customer Experience Strategy to deliver improved resident satisfaction and community engagement	42
25	Develop and engage the council's workforce to enable the organisation to be an enterprising council	43
26	Develop a new operating model to support the effective delivery of Children's Services	45
27	Deliver the Children's Services Financial Strategy to improve outcomes for children and address rising demand	46
28	Develop and implement an improvement programme across the Finance Service to ensure effective financial management	48
29	Enhance the efficiency of the council's property holdings by strategically optimising the portfolio, ensuring it consists of affordable assets that support essential services or serve as viable investments	51

30	Improve customer and employee experience at our sites by delivering fit for purpose spaces that are consistent, positive and conducive to productivity, thereby supporting overall efficiency in service delivery	52
31	Drive asset-led transformation in service delivery by envisioning and developing the future County Council Headquarters and operating model, aligning them with the broader vision for the public estate	53
32	Implement a Digital Improvement Programme to better support and develop systems across the council	54
33	Embed best value principles in all aspects of Place service delivery, driving innovation and improvement in the achievement of council objectives	55

Derbyshire County Council

Strategic Objective Implementation Plan 2024-25

This Implementation Plan has been developed to provide more information on the activity that will be carried out to achieve the Strategic Objectives contained with the Council Plan 2024-25. It will also help the council monitor the progress of its work. Timescales are provided though these sometimes extend outside the period of this plan reflecting the long-term ambition and implementation periods required.

Key

ASCH	Adult Social Care and Health
CS&T	Corporate Services and Transformation
CS	Children’s Services
Place	Place

Outcome 1 - Resilient, thriving, and green communities

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
1	Support people of all ages and communities in need, including financial help from our Derbyshire Discretionary Fund, and other activities that promote financial inclusion and tackle cost of living pressures ASCH - Assistant Director of Public Health	Delivery of Household Support Fund via Derbyshire Discretionary Fund	Apr 24 - Mar 25	Service plan measure/ milestone	Cost of living pressures may result in service pressures and additional activity being required by Public Health or other departments Funding not yet confirmed nor detail of scheme criteria that may be set by Department for Work and Pensions Increased demand in council services if this activity is not delivered to a high quality Legacy impact of service pressure in following year 2025-26
		Delivery of Homes for Ukraine financial support via Derbyshire Discretionary Fund	Apr 24 - Mar 25	Service plan measure/ milestone	Increased demand in council services if this activity is not delivered to a high quality

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
	Strategic Objective 1 continued	Provide grants or emergency cash payments to those in urgent need following a crisis or disaster via Derbyshire Discretionary Fund	Apr 24 - Mar 25	Service plan measure/ milestone	<p>Cost of living pressures may result in service pressures and additional activity being required by Public Health or other departments</p> <p>Increased demand in council services if this activity is not delivered to a high quality</p> <p>Legacy impact of service pressure in following year 2025-26</p>
		Delivery of Welfare Rights Service including Macmillan Cancer Support	Apr 24 - Mar 25	Service plan measure/ milestone	<p>Cost of living pressures may result in service pressures and additional activity being required by Public Health or other departments</p> <p>Increased demand in council services if this activity is not delivered to a high quality</p> <p>Legacy impact of service pressure in following year 2025-26</p>

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
	Strategic Objective 1 continued	Deliver the Public Health Advisory Service and affordable credit initiatives to support those in financial crisis to resolve matters that affect health and wellbeing	Apr 24 - Mar 25	Service plan measure/ milestone	Affordable credit initiatives short-term funding Cost of living pressures may result in service pressures and additional activity being required by Public Health or other departments Increased demand in council services if this activity is not delivered to a high quality
		Support the development of affordable food projects targeted at those in greatest need	Apr 24 - Mar 25	Service plan measure/ milestone	Demand for service may be high which may result in pressures delivering the service Supply issues with food may prevent effective service delivery
		Support people with long term health conditions and/or disabilities into good employment through a range of interventions and support	Apr 24 - Mar 25	Service plan measure/ milestone	Recruitment and retention of staff may limit service delivery

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
2	<p>Collaboratively work with partner agencies to promote positive mental wellbeing and improve support for local people with a particular focus on suicide prevention and building resilience</p> <p>ASCH - Assistant Director of Public Health</p>	Continue to develop suicide prevention approaches across the county by leading the Derbyshire Self Harm and Suicide Prevention Partnership Forum, running four meetings a year and deliver training	Apr 24 - Mar 25	Service plan measure/ milestone	<p>Increased demand for council services if this activity is not delivered to a high quality</p> <p>Sustainable funding approach to all activity required to maximise impact</p>
		Promoting positive emotional health and wellbeing through a range of initiatives including promotion of national campaigns at a Derbyshire level	Apr 24 - Mar 25	Service plan measure/ milestone	<p>Increased demand for council services if this activity is not delivered to a high quality</p> <p>Sustainable funding approach to all activity required to maximise impact</p>
		Work with partners to further develop a whole system approach to mental health and tackle social isolation maximising the impact of investment opportunities	Apr 24 - Mar 25	Service plan measure/ milestone	<p>Increased demand for council services if this activity is not delivered to a high quality</p> <p>Sustainable funding approach to all activity required to maximise impact</p>

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 346	Strategic Objective 2 continued	Use targeted action to focus action for the most disadvantaged communities and those experiencing severe mental illness with the aim of reducing health inequalities	Apr 24 - Mar 25	Service plan measure/ milestone	Increased demand for council services if this activity is not delivered to a high quality Sustainable funding approach to all activity required to maximise impact
		Embed the Let's Chat principles across Derbyshire by maximising partnership opportunities	Apr 24 - Mar 25	Service plan measure/ milestone	Increased demand for council services if this activity is not delivered to a high quality Sustainable funding approach to all activity required to maximise impact
3	Support communities through partnership working to protect and enable people of all ages to live healthier and safer lives ASCH - Assistant Director of Public Health	Implement new falls prevention strength and balance service to help older people maintain independence	Apr 24 - Mar 25	Service plan measure/ milestone	Systemwide cost pressures potentially limit programme delivery

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 347	Strategic Objective 3 continued	Implement new Falls Prevention, Strength and Balance service to help older people maintain independence	Apr 24 - Mar 25	Service plan measure/ milestone	Sufficient engagement may not materialise from clinical services reducing overall impact of this programme
		Maximise the uptake of screening, vaccinations and immunisations including COVID-19, Flu, Shingles and those given in childhood	Apr 24 - Mar 25	Service plan measure/ milestone	External organisational change within screening and immunisation services
		Develop annual action plans and distribute funding focusing on the health factors that protect communities in the eight Locality and Place Health and Wellbeing Partnerships	Apr 24 - Mar 25	Service plan measure/ milestone	Funding distributed to partners efficiently and effectively following Cabinet approval Recruitment and retention of staff may limit service delivery
		Further develop locality-based community insight to better understand diverse communities to help shape long term planning	Apr 24 - Mar 25	Service plan measure/ milestone	Funding not yet confirmed
		Further develop locality-based community insight to better understand diverse communities to help shape long-term planning	Apr 24 - Mar 25	Service plan measure/ milestone	Recruitment and retention of staff may limit service delivery

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 348	Strategic Objective 3 continued	Deliver health and wellbeing advice and coaching to prevent, reduce and delay the need for Adult Social Care services	Apr 24 - Mar 25	Percentage of people supported by Health and Wellbeing coaches with a shared agreement	Increased demand in council services if this activity is not delivered to a high quality
				Service plan measure/ milestone	Demand for service could be high and impact service delivery
		Work in partnership across the Integrated Care System and Health and Wellbeing Board to tackle health inequalities and move towards more preventative interventions and investment	Apr 24 - Mar 25	Service plan measure/ milestone	Failure of system partners to engage with the approach Health and Wellbeing Strategy not agreed and implemented
		Oversee the delivery of the Air Quality Strategy Action Plan 2023-25 to manage air quality and environments that support good health	Apr 24 - Mar 25	Service plan measure/ milestone	Requires sufficient capacity to support and implement the action plan to ensure key actions are completed within agreed timescales and delivered effectively

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
	Strategic Objective 3 continued	Work in partnership with members of the Women's Health Hub working group to have operational Women's Health Hubs in Derbyshire by March 2025	Apr 24 - Mar 25	Service plan measure/ milestone	Recruitment and retention of staff may limit service delivery
		Implement the UK Health Security Agency (UKHSA) Adverse Weather and Health Plan and integrate across the council to deliver the best outcomes possible during adverse weather	Apr 24 - Mar 25	Service plan measure/ milestone	Securing external grant funding
		Strengthen community infection prevention across settings and prioritise proactive control of infection to protect people and prevent antimicrobial resistance (AMR)	Apr 24 - Mar 25	Service plan measure/ milestone	Staff turnover and capacity across the health and social care system
		Mobilise the Domestic Abuse Support Service which includes provision of emergency accommodation, community outreach and children and young people's support service	Apr 24 - Mar 25	Service plan measure/ milestone	Demand for service could be high and impact service delivery

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 350	Strategic Objective 3 continued	Work with partners to respond effectively to existing and emerging challenges such as serious violence and violence against women and girls	Apr 24 - Mar 25	Service plan measure/ milestone	Lack of capacity across the partnership to support delivery of all strategic objectives
		Implement the statutory guidance relating to the Prevent element of the national Counter Terrorism Strategy	Apr 24 - Mar 25	Service plan measure/ milestone	Capacity within council services to support implementation
		Work with partners to welcome refugee families into Derbyshire and support the countywide response to the implementation of asylum dispersal	Apr 24 - Mar 25	Service plan measure/ milestone	Lack of capacity/ funding to develop support for asylum seekers Lack of control over the number of refugees and asylum seekers and refugees arriving in Derbyshire resulting in the potential for services to become overwhelmed

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
4	Ensure council leadership in mitigating and adapting to the impacts of climate change, achieving net zero, and enabling nature recovery Place - Environment and Transport Director	Managing the delivery of the council's Climate Change Strategy and Action Plan to contribute to the council achieving net zero by 2032 or sooner and helping the county to be net zero by 2050	Apr 24 - Mar 25	Council carbon emissions from all main sources (excluding schools) Derbyshire carbon emissions from all sectors	Shortfall on funding or resources Complexity of decarbonising the council's buildings, particularly heating systems Lack of investment and commitment from national government to phase out petrol and diesel vehicles
		Prepare a Local Nature Recovery Strategy for Derbyshire in collaboration with key stakeholders	Apr 24 - Mar 25	Service plan measure/ milestone	Time constraints against a set deadline Recruitment issues
		Work collaboratively with D2 local authority partners to develop and implement projects to reduce the county's emissions, including delivery of the workstreams detailed in the Vision Derbyshire Climate Change Strategy 2022-25	Apr 24 - Mar 25	Service plan measure/ milestone	Shortfall on funding or resources Lack of investment and commitment from national government to decarbonise all sectors (including industry, housing and transport)

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
	Strategic Objective 4 continued	Develop and implement a robust methodology for calculating a baseline for wider, currently unqualified, council emissions, and undertake an assessment of anticipated future reductions in emissions and options for addressing residual council emissions (such as through carbon capture and sequestration)	Apr 24 - Mar 25	Service plan measure/ milestone	Shortfall on funding or resources Data complexity and availability constraints
		Development of council wide work programme on climate change risk, resilience and adaptation	Apr 24 - Mar 25	Service plan measure/ milestone	Shortfall on funding or resources Lack of investment, guidance and commitment from national government on climate change resilience and risk, adaptation
		Implementation of essential actions contained within the Tree and Woodland Strategy for Derbyshire facilitating the planting of one million trees planted by 2030	Apr 24 - Mar 25	Service plan measure/ milestone	Prioritisation and capacity risks

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
	Strategic Objective 4 continued	Implementation of essential actions contained in the Countryside Service Business Plan for 2024-25	Apr 24 - Mar 25	Service plan measure/ milestone	Public acceptability of changes and commercial approach

Outcome 2 - Happy, safe, and healthy people

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
5	Support people to live their best lives independently at home, connected to the community and local resources, stepping in with more help where needed	Create and implement Prevention Strategy	Apr 22 - Mar 25	Percentage of people approaching Adult Social Care who have been supported to retain their independence through early help and signposting	None identified
	ASCH - Director of Adult Social Care	Prioritisation and management of waiting lists (Occupational Therapist/ Social Worker assessment, Deprivation of Liberty Safeguards, Homecare waits, people awaiting long term social care support, financial assessments)	Apr 22 - Mar 25	Service plan measure/ milestone	<p>Implementation of the short-term service potentially impacting upon the current Care Quality Commission status of the eight registered homecare services and quality/ safety generally</p> <p>Failure to meet Statutory duties</p> <p>Recruitment and retention risks for social work teams</p>

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 355	Strategic Objective 5 continued	Embedding strength-based practice for older people and people with a physical disability to ensure people, wherever possible remain in their homes within their local community	Apr 22 - Mar 25	Service plan measure/ milestone	None identified
		Embed strength-based practice for people with a learning disability and/ or who are autistic to ensure people have an outcome focused support plan for people who are supported to live in the least restrictive option	Apr 22 - Mar 25	Service plan measure/ milestone	None identified
		Increasing usage of Shared Lives Scheme	Apr 22 - Mar 25	Service plan measure/ milestone	None identified
		Young people transitioning from Children's Services have access to all opportunities open to them	Apr 22 - Mar 25	Service plan measure/ milestone	None identified
		Increasing usage of Direct Payments to promote choice and control	Apr 22 - Mar 25	Service plan measure/ milestone	None identified

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
6	Strategic Objective 5 continued	Embedding Making Safeguarding Personal in accordance with best national practice	Apr 22 - Mar 25	Number of people following a safeguarding Section 42 enquiry say their outcome has been met	None identified
		Embedding "Making Safeguarding Personal" in accordance with best national practice	Apr 22 - Mar 25	Service plan measure/ milestone	None identified
	Help people recover and regain stability, independence and control following a personal crisis or illness ASCH - Director of Adult Social Care	Redesign of short-term homecare reablement offer - Implement January 2024 – working with older people and people with a physical disability to improve independence, wellbeing and the ability to remain in their own homes within their local communities	Apr 22 - Mar 25	Number of people who have been supported through short-term homecare offer and have fully regained their independence	Implementation of the short-term service potentially impacting upon the current Care Quality Commission (CQC) status of the eight registered homecare services and quality/ safety generally
		Community connectors offer implemented - working with people with a learning disability and/ or who are autistic from the age of 14 upwards to link to local community and activities to access all opportunities open to them	Apr 22 - Mar 25	Service plan measure/ milestone	None identified

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
7	Strategic Objective 6 continued	Mental health enablement offer for those recovering from mental ill health to achieve independent outcomes	Apr 22 - Mar 25	Service plan measure/ milestone	None identified
		Maintain current community support bed offer	Apr 22 - Mar 25	Service plan measure/ milestone	System wide cost pressures impact on service delivery
	Work across the system with partners, carers and residents to provide support in a safe, supportive homelike setting ASCH - Director of Adult Social Care	Building the right support by the joining of Health, Social Care and PVI sector to achieve the best outcomes for people whose behaviours challenge	Apr 22 - Mar 25	Service plan measure/ milestone	None identified
		Team Up – aging and dying well – joining of Health and Social Care community support to reduce non elective admission for people and support people leaving acute hospitals to achieve the best outcome	Apr 22 - Mar 25	Service plan measure/ milestone	Older people's outcomes will not be met if the volume of age-appropriate accommodation is not increased

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
	Strategic Objective 7 continued	Living Well – recovery from mental ill health joining of Health, Social Care and Voluntary community support to support people to achieve the best outcome	Apr 22 - Mar 25	Service plan measure/ milestone	None identified
8	<p>Work across Derbyshire with partners and key health services to deliver good health, resilience and wellbeing to enable children and young people to have the best start in life</p> <p>ASCH - Assistant Director of Public Health</p>	0-19 Public Health Nursing service transformation project to review and redesign a sustainable service delivery model maximising the funding available	Apr 24 - Mar 25	Service plan measure/ milestone	<p>System wide cost pressures impact on service delivery</p> <p>Workforce pressures, especially national shortage of health visitors and school nurses, could impact on service delivery</p>
		Promote the benefits of maintaining good oral health to those at risk of poor oral health	Apr 24 - Mar 25	Service plan measure/ milestone	<p>Availability of storage and delivery options across all areas of the county for the lifetime of the activity</p> <p>Partnership capacity to support the development of the campaign</p> <p>System wide cost pressures impact on service delivery</p>

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 359	Strategic Objective 8 continued	Deliver the My Life My View Young People's survey to inform future strategic planning across the council	Apr 24 - Mar 25	Service plan measure/ milestone	Capacity of Derbyshire secondary schools to engage in the survey limits potential insight gained
		Promoting positive emotional health and wellbeing for children and young people through a range of initiatives	Apr 24 - Mar 25	Service plan measure/ milestone	Increased demand for council services if this activity is not delivered to a high quality Sustainable funding approach to all activity required to maximise impact
		Provide specialist support to children and young people directly and indirectly affected by substance misuse	Apr 24 - Mar 25	Service plan measure/ milestone	Demand of referrals is likely to be high on an ongoing basis Recruitment and retention of staff limits service provision

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 360	Strategic Objective 8 continued	Support families to have positive pregnancy outcomes through providing a range of support to improve health and wellbeing	Apr 24 - Mar 25	Number of 6-8 week reviews delivered by the 0-19 Public Health Nursing Provider within the timeframe Number of New Birth visits delivered by the 0-19 Public Health Nursing provider between 10-14 days	Failure to develop a whole system approach results in missed opportunities to improve outcomes Not achieving transformation which results in unsustainable financial position Recruitment and retention of staff limits service provision
		Support sustainable and active travel to school by providing school crossing patrols where they are most needed within a risk-based approach	Apr 24 - Mar 25	Service plan measure/ milestone	Recruitment and retention of staff may impact service delivery
	9 Enable people and partner organisations to tackle key risk factors of health including inactivate lifestyle, smoking, diet and alcohol consumption to improve health outcomes ASCH - Assistant Director of Public Health	Work with partners to identify, understand, and reduce alcohol and drug related harms	Apr 24 - Mar 25	Average Health Status improvements reported through the Treatment Outcome Profile (completed within 5-26 weeks) - Physical Health - Psychological Health - Quality of Life	Recruitment and retention of staff may limit service delivery Increased demand on council services if this activity is not delivered to a high quality

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 361	Strategic Objective 9 continued	Deliver support for weight management, stop smoking, reducing alcohol intake, improving diet through Live Life Better Derbyshire (LLBD) and other partners	Apr 24 - Mar 25	Number of individuals completing Live Life Better Derbyshire Health and Wellbeing MOT	None identified
				Number of people achieving a 4 week Quit through Live Life Better Derbyshire Smoking Cessation Programme	Increased demand on council services if this activity is not delivered to a high quality
				Number of people participating in Live Life Better Derbyshire's Weight Management Programme	Supply issues with stop smoking medications may prevent effective service delivery
				Number of people participating in physical activity sessions organised by Live Life Better Derbyshire	None identified
				Number of people participating in the Live Life Better Derbyshire Smoking Cessation Programme	Recruitment and retention of staff may limit service delivery

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 362	Strategic Objective 9 continued	Collaborate with Trading Standards and partners to improve tobacco control maximising the opportunity of additional government funding	Apr 24 - Mar 25	Service plan measure/ milestone	Local authority doesn't receive funding allocation Recruitment and retention of staff may limit service delivery
		Introduce a Tobacco Control Strategy for Derbyshire by October 2024	Apr 24 - Oct 24	Service plan measure/ milestone	Staffing capacity within the team to deliver a new strategy by the deadline
		Secure future funding from the Integrated Care Board (ICB) to deliver the Tobacco Dependency Treatment Programme	Apr 24 - Mar 25	Service plan measure/ milestone	Funding not yet confirmed Recruitment and retention of staff may limit service delivery
	10 Implement our 'Stronger Families' team to support families in crisis, reduce admissions to care, and reunify families where safe to do so Children's Services - Director of Children's Services	Governing the effectiveness of the Stronger Families model and identifying the savings/cost-avoidance that the service achieves	Oct 23 - Sep 24	Reduction in admissions to care Children successfully returned home from care	None identified

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
	Strategic Objective 10 continued	Develop and embed an effective performance management approach including a “dashboard” to track performance, capture learning, and enable benefit-realisation	Oct 23 - Sep 24	Service plan measure/ milestone	None identified
11	Develop and implement a Placement Strategy for children and ensure sufficiency of accommodation and educational provision across Children's Services Children's Services - Director of Children's Services	Identify cohorts of children that can return home or be stepped down into suitable, cost-effective placements	Oct 23 - Apr 25	Proportion of children in care in internal residential provision Number of children returned home Number of children stepped down Children placed in ideal placement type according to their care plan	New children coming into the system can and has affected children identified to move
		Aligning sufficiency capacity requirements with the Property Strategy in order to maximise utilisation of council assets and options for enhancements to internal residential provision	Oct 23 - Sep 24	Service plan measure/ milestone	Increase in internal provision availability needs to match demand and forecasts of demand

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
	Strategic Objective 11 continued	Form and implement a monthly Placement Board, with supporting workstreams, to govern delivery of the Placement Strategy and key objectives around strengthening sufficiency, placement quality and efficiency in placement expenditure	Oct 23 - Sep 24	Service plan measure/ milestone	None identified
Page 364	Drive development and reform of our fostering service Children's Services - Director of Children's Services	Implementation of Recruitment Strategy to drive an increase in foster carers	Aug 23 - Jan 25	Utilisation rate of council foster carers Number of council foster carers Reduce number of foster carers leaving council Proportion of children living with council foster carers	Capacity of workforce to develop both strategies simultaneously must be considered
		Implementation of Retention Strategy to maintain and support our current foster carers	Aug 23 - Jan 25	Service plan measure/ milestone	None identified

Outcome 3 - A strong, diverse, and clean economy

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
13	Support continued and sustainable growth in the Derbyshire economy Place - Economy and Regeneration Director	Drive delivery of the Skills and Employment Devolution workstream, ensuring readiness conditions met by May 2024	Oct 23 - May 24	Service plan measure/ milestone	Resources not being in place with capacity to deliver Complexity of contracts and rationalisation
		Develop and deliver business support programmes, including start up, sector support and sector development activity	TBC	Service plan measure/ milestone	None identified
		Finalise and implement an Inward Investment Strategy for Derbyshire coordinated with an East Midlands Combined County Authority Strategy	Jul 23 - Dec 25	Service plan measure/ milestone	Contract Management performance not as expected or brief not realised Buy-in from district and borough councils not obtained
		Implement Digital Strategy and essential actions from Implementation Plan	Jan 24 - Mar 27	Service plan measure/ milestone	ICT contracts not being updated to reflect strategy

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
14	Drive preparation, facilitation and delivery of regeneration programmes for Derbyshire sites and infrastructure proposals to support regeneration and renewal Place - Economy and Regeneration Director	Further develop and embed strategic approach to business case preparation to secure external resources for essential projects – including development of an Investment Pipeline for EMCCA	Jan 24 - Mar 27	Service plan measure/ milestone	ICT contracts not being updated to reflect strategy
		Align Freeport and Investment Zone work programmes into core business	Apr 24 - Mar 26	Service plan measure/ milestone	Availability of resources Funding opportunities not maximised
		Progress Chesterfield to Staveley Regeneration Route (CSRR) and the South Derbyshire Growth Zone (SDGZ) projects to full business case approval – and towards start of construction	Apr 24 - Mar 26	Service plan measure/ milestone	Full business case approval not obtained from central government
		Continue to implement programme and project management of revised pipeline projects to ensure timely delivery of all government funded schemes	Apr 24 - Mar 26	Service plan measure/ milestone	Limited resources available to develop pipeline

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
15	Strategic Objective 14 continued	Undertake work to identify, assess and commence implementation of future business delivery models for Markham Value estate and Enterprise Centre	Apr 23 - Mar 25	Service plan measure/ milestone	Limited resources available to undertake the work required
		Finalise and implement agreed short and long-term plans for Elvaston Castle as part of the Countryside Service Business Plan	Mar 24 - Sep 24	Service plan measure/ milestone	Adverse stakeholder response
	Develop and deliver a strategic approach to sustainable travel and integrated transport across the county	Complete development of Active Travel Programme and implement projects in line with required timescales	Nov 23 - Mar 26	Service plan measure/ milestone	Insufficient funding
	Place - Economy and Regeneration Director/ Environment and Transport Director	Support and influence development of a local transport plan for the East Midlands Combined County Authority	Nov 23 - Dec 25	Service plan measure/ milestone	Resources and capacity to develop and implement the Local Transport Plan Complex environment due to establishment of EMCCA
		Complete an implementation plan to create mobility hubs across the county	Mar 22 - Mar 28	Service plan measure/ milestone	Grant funding not available and suitable locations not available

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 368	Strategic Objective 15 continued	Continue to deliver the Low Emission Vehicle Infrastructure (LEVI) Strategy 2019-29 to enable an increase in the number of Electric Vehicle (EV) charging points and vehicles within the council and across the county	Nov 23 - Mar 26	Number of public electric vehicle charging points installed working with partners	Contract management Ability to comply with insurance requirements
		Deliver a £47m Bus Service Improvement Plan (BSIP) in partnership with Derbyshire bus operators to develop and improve bus frequency, connectivity, usage and affordability	Nov 22 - Mar 25	Service plan measure/ milestone	Not being able to deliver on identified work measures Resources not being available Planning permissions not being granted Department for Transport (DfT) not awarding year 3 funding

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
16	Develop the county's long-term Waste Strategy and integrated operating model to deliver a step change in recycling and environmental performance across the county Place - Environment and Transport Director	Establish the evidence base and for the 2026-46 Derbyshire Joint Municipal Waste Management Strategy (JMWMS) and open consultation on the draft strategy	Nov 23 - Mar 25	Percentage of household waste recycling rate Residual household waste (kg per household)	Capacity linked to current vacancy in Strategy and Engagement Team Active participation by district and borough councils
		Complete procurement for the rectification and recommissioning of the Derby and Derbyshire Waste Treatment Centre	Mar 24 - Jul 25	Service plan measure/ milestone	Complex procurement process Highly specialised contract
		Develop and finalise options appraisal and outline business case for a more integrated operating model for waste recycling, disposal and collection in the county	Nov 23 - Mar 25	Service plan measure/ milestone	Capacity linked to current vacancy in Strategy and Engagement Team Active participation by district and borough councils

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
	Strategic Objective 16 continued	Complete delivery route map and procurement plan for implementation of the Environment Act 2021	Nov 23 - Sep 24	Service plan measure/ milestone	Procurement risk around available supply change Changes to secondary legislation and regulations Availability of transitional funding

Outcome 4 - Great places to live, work and visit

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
17	Establish and implement effective partnership arrangements with the East Midlands Combined County Authority to maximise the benefits of a devolution deal for Derbyshire Place – Executive Director for Place/Economy and Regeneration Director	Support and influence business case development to inform the investment pipeline	Apr 24 - Mar 26	Service plan measure/ milestone	Availability of resources and risk of not maximising funding opportunities
		Support implementation of new D2 Strategic Leaders Board to ensure strong, single voice in influencing the work and priorities of the EMCCA	Apr 24 - Dec 24	Service plan measure/ milestone	None identified
18	Deliver a safe, effective, efficient and innovative Highways Service Place – Highways Director	Deliver the revised Derbyshire Highways Transformation programme, with the associated strategic and operational benefits, that will provide a fit for purpose Highways Service for the citizens of Derbyshire	Apr 24 - Mar 25	Service plan measure/ milestone	Availability of Finance, HR resource

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 372	Strategic Objective 18 continued	Delivery of statutory duties to ensure network availability for the road users of Derbyshire	Apr 24 - Mar 25	<p>Road defect response times</p> <p>Percentage of Principal roads where maintenance should be considered</p> <p>Percentage of Non-Principal classified roads where maintenance should be considered</p> <p>Percentage of the Unclassified road network where maintenance should be considered</p>	Availability of Finance, HR resource
		Work with partners to help reset and deliver the 2030 casualty reduction target	Apr 24 - Mar 25	Number of people killed or seriously injured on the council's road network	Availability of Finance, HR resource
		Develop and implement a risk-based Drainage Strategy	Apr 24 - Mar 25	Service plan measure/ milestone	Availability of Finance, HR resource

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
	Strategic Objective 18 continued	Implement the Derbyshire Highways Asset Management Strategy, and the priority development areas within individual Highways Infrastructure Asset Management Plans where finance permits	Apr 24 - Mar 25	Service plan measure/ milestone	Availability of Finance, HR resource
19	Recognise and value carers and our Adult Social Care workforce and the contribution they make to sustaining care and support in a challenging market	Overarching Workforce Strategy including council, Private, Independent and Voluntary Sector (PVI)	Apr 22 - Mar 25	Service plan measure/ milestone	ICT capacity to support required HR systems and data changes Senior Leadership capacity
	ASCH - Director of Adult Social Care	Refresh with system partners Carer's Strategy	Apr 22 - Mar 25	Number of carers accessing support services	None identified
		Focus on wellbeing and leadership skills including succession planning within department	Apr 22 - Mar 25	Service plan measure/ milestone	None identified
		Creation of Connect site and Team Action Plans to support two-way process for colleagues concerning communication	Apr 22 - Mar 25	Service plan measure/ milestone	None identified

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
20	Drive improvements to schools and services for children with special educational needs and disabilities (SEND) Children's Services - Strategic Lead for Schools and Learning	Monitoring and recording SEND Workstream progress against goals and targets	Jul 23 - Mar 25	Timeliness of Education, Health and Care needs assessments Reduction in tribunals and appeals relating to Education, Health and Care plans Increase in parental satisfaction for school services for children with SEND	None identified
		Drive effective governance through the SEND Executive Board	Oct 23 - Mar 25	Service plan measure/ milestone	None identified
		Implementation of the SEND Strategy and Self-Evaluation	Sep 23 - Jan 24	Service plan measure/ milestone	The strategy is currently in development
		Drive preparation for SEND inspection	Oct 22 - Apr 24	Service plan measure/ milestone	This process must balance statutory requirements, inspection requirements as well as the council's financial position

Outcome 5 - High quality public services

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
21	Strengthen effectiveness of strategic partnerships to drive improved outcomes for children Children's Services - Executive Director - Childrens Services	Work with partners and staff at all levels of the department to identify and implement an alternative model to Locality Children's Partnerships (LCPs)	Apr 23 - Apr 25	Service plan measure/ milestone	Any alternative model must be efficient and feed into other aspects of partnership working
		Deliver a programme of partnership events (including operational attendees) focused on development and delivery of partnership approaches to Early Intervention and Prevention	Apr 23 - Apr 25	Service plan measure/ milestone	Ensuring engagement and co-operation following the events
		Strengthen multiagency working in key areas of Children's Services - Quality assurance and performance against outcomes in the Children's Strategy - SEND and educational outcome performance - Safeguarding	Jun 23 - Apr 25	Service plan measure/ milestone	Maintaining engagement and co-operation across agencies could be challenging with ongoing financial pressures
		Develop and embed multi-agency partnership working in relation to early	Jun 23 - Apr 25	Service plan measure/ milestone	Maintaining engagement and co-operation across agencies could be

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
		help and the “Stronger Families” edge of care/ crisis support model			challenging with ongoing financial pressures
22	Develop more equal partnerships between people who use services, carers and professionals to deliver better outcomes ASCH - Director of Adult Social Care	Best Life Derbyshire Strategy – completed and implemented review yearly, bi-yearly surveys and yearly engagement in place to create feedback loop	Apr 22 - Mar 25	Service plan measure/ milestone	Costs of delivering the programme reduce the financial viability of the programme Procurement activities supporting the delivery of benefits are not achieved in line with proposed timings/ costs Programme does not achieve its stated benefits (projects do not complete in time) There is insufficient resource to deliver the programme effectively Projects are not delivered on time due to business as usual (BAU) resources being consumed with transformational and BAU operational activity

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
23 Page 377	Strategic Objective 22 continued	Implement Co-Production Strategy to increase participation and co-production of offers going forward	Apr 22 - Mar 25	Service plan measure/ milestone	None identified
		Implement Digital Strategy – plan in place	Apr 22 - Mar 25	Service plan measure/ milestone	None identified
		Partnership with Healthwatch and other key stakeholders to engage fully with local population	Apr 22 - Mar 25	Service plan measure/ milestone	None identified
	Ensure there is a good choice of affordable Adult Social Care support available across the county with a focus on people's experiences and improving quality ASCH - Director of Adult Social Care	Best Life Derbyshire programme efficiency target met	Apr 22 - Mar 25	Service plan measure/ milestone	There is insufficient resource to deliver the programme effectively
		Modernising Direct Care	Apr 22 - Mar 25	Service plan measure/ milestone	None identified
		Quality Assurance Board to overview, monitor and ensure quality within the below identified areas: - Assessment Function (Prevention and Personalisation) - Direct Care - Contracting/ Commissioning of Private,	Apr 22 - Mar 25	Monitor quality of care homes (18-64) across Derbyshire percentage of offer that is outstanding/ good	None identified

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 378	Strategic Objective 23 continued	Independent and Voluntary Sector			
				Monitor quality of care homes (65+) across Derbyshire percentage of offer that is outstanding/ good	None identified
				Monitor quality of home care across Derbyshire percentage of offer that is outstanding/ good	
				Service plan measure/ milestone	None identified
	<p>Develop the council's Customer Experience Strategy to deliver improved resident satisfaction and community engagement</p> <p>CST - Assistant Director Communications and Customers</p>	<p>Establish programme to develop an agreed roadmap for the utilisation and deployment of the organisation's customer relationship management system</p> <p>This is to include exploring options for the ongoing technical and system support:</p> <ul style="list-style-type: none"> - Centralised team or resource/ skill within each service area 	Nov 23 - Feb 24	Service plan measure/ milestone	<p>Past challenges regarding the implementation of the council's customer service portal need to be overcome</p> <p>Lack of dedicated customer experience staffing resource</p>

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
25 Page 379	Strategic Objective 24 continued	Develop the Customer Experience Strategy	Sep 23 - Dec 24	Service plan measure/ milestone	None identified
		Refresh of the Customer Charter, aligned to employee values development	Feb 24 - Dec 24	Service plan measure/ milestone	None identified
		Alignment of revised community engagement/ consultation approaches	TBC	Service plan measure/ milestone	None identified
		Defined organisational approach to managing, responding to and resolving customer complaints and compliments	May 24 - Feb 25	Service plan measure/ milestone	None identified
	Develop and engage the council's workforce to enable the organisation to be an enterprising council CST - Director Organisation Resilience People and Comms	Develop leaders through continued deployment of the Inspiring Leaders' Programme	Apr 24 - Mar 25	Service plan measure/ milestone	Cost pressures in 2024-25 Lack of buy-in due to cost pressures/ prioritisation
		Embed the organisation's approach to personal development reviews (PDRs) aligned to strategic planning	Apr 24 - Mar 25	Service plan measure/ milestone	None identified

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 380	Strategic Objective 25 continued	Develop an organisational strategic workforce plan to support delivery of the organisation's future workforce capability and capacity requirements, aligned to the organisation's change agenda and budget requirements	Jan 24 - Apr 25	Sickness as a percentage of available working hours Time to hire (Days between a job vacancy shortlisting and contract offer)	Capacity within the team to dedicate the focus required to develop a Strategic Workforce Plan Organisation not able to identify and accurately report on workforce costs Unable to identify future talent and succession planning Unable to accurately forecast future skills and recruitment needs Systems/ strategies in place to support workforce planning (SAP software system) Lack of alignment with Finance team
		Develop the organisation's Reward Strategy to enable recruitment and retention	Sep 22 - Apr 25	Service plan measure/ milestone	Lack of Portfolio Management Office (PMO), HR, Finance resource

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 389	Strategic Objective 25 continued	aligned to the Strategic Workforce Plan			
		Develop and deploy the organisation's Equality, Diversity and Inclusion Strategy to promote an inclusive culture	Apr 24 - Mar 25	Service plan measure/ milestone	Lack of resource due to current vacancy
		Enhance employee voice and engagement through improved internal communication channels and development of employee values	Apr 24 - Mar 25	Service plan measure/ milestone	Lack of resource due to current vacancy
		Improve employee wellbeing through the deployment of the Wellbeing Strategy	Apr 24 - Mar 25	Service plan measure/ milestone	Joined Up Care Derbyshire (JUCD) activity programme not available due to lack of resources
	Develop a new operating model to support the effective delivery of Children's Services Children's Services - Executive Director - Children's Services	Reviewing the efficiency and effectiveness of top-level structures within Children's Services' directorates	Apr 23 - Apr 25	Service plan measure/ milestone	This process must balance statutory requirements, inspection requirements as well as the council's financial position HR and legal capacity may be depleted as restructures are ongoing across the council

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 38	Strategic Objective 26 continued	Reviewing the efficiency and effectiveness of lower-tier structures within Children's Services	Apr 23 - Apr 25	Service plan measure/ milestone	None identified
		Analysing the impact of new structures – and making adjustments where necessary	Apr 24 - May 25	Service plan measure/ milestone	None identified
		Work through the implications of the new operating model for processes including business processes and workflow; systems and ICT requirements; performance management	Dec 23 - Apr 25	Service plan measure/ milestone	HR and legal capacity may be depleted as restructures are ongoing across the council
	Deliver the Children's Services Financial Strategy to improve outcomes for children and address rising demand	Identifying areas for savings, cost-avoidance and financial mitigations with particular focus on reducing placement expenditure	Jun 23 - Apr 25	Service plan measure/ milestone	Deliverability is subject to a wide-ranging variety of actions to reduce expenditure e.g. placement expenditure is vulnerable to unavoidable unaccompanied asylum seeking children placement increases
	Children's Services - Executive Director - Children's Services	Review and develop invest-to-save cases for use of resources to	Jun 23 - Apr 25	Service plan measure/ milestone	Invest to save cases are difficult to comprehensively

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
	Strategic Objective 27 continued	achieve long-term financial sustainability			forecast the implications of Children's Services is vulnerable to increases in cost/ demand across many areas
		Implement activities associated with growth bids, subject to approval	Jun 23 - Apr 25	Service plan measure/ milestone	None identified
		Ongoing monitoring of key lines of expenditure, risks to achievement of financial targets and identify emerging opportunities for savings/ cost-avoidance	Jun 23 - Apr 25	Service plan measure/ milestone	Children's Services is vulnerable to increases in cost/ demand across many areas
		Develop a programme of Efficiencies and Value for Money to be implemented through the Finance Strategy Board	Jun 23 - Apr 25	Service plan measure/ milestone	None identified
		Identifying areas for utilisation of internal provision between Early Help and Safeguarding and Schools and Learning	Jun 23 - Apr 25	Service plan measure/ milestone	None identified
		Establishing options for commercialisation of services within Schools	Jun 23 - Apr 25	Service plan measure/ milestone	The potential limitations of expanding/ developing traded

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 384	Strategic Objective 27 continued	and Learning, including but not limited to further commercialisation of services which are already traded			services may reduce commercial viability of services
		Drive reform across Schools and Learning in relation to the Academisation agenda	Apr 24 – Apr 25	Service plan measure/ milestone	Children's services financial pressures leading to overspend Council wide traded services loss of income Supporting Families payment by results income not maximised Rising unaccompanied asylum seeking children in care numbers
	28 Develop and implement an improvement programme across the Finance Service to ensure effective financial management CST - Director of Finance	Introduce a programme management approach to the Improvement Programme	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action
		Define the objectives of the Finance Service so there is a common understanding across the council	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
	Strategic Objective 28 continued	Amend financial governance procedures (Financial Regulations, Financial Delegation, Standing Orders)	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action
		Define and refine the number of budget holders across the council	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action
		Define responsibilities of budget managers and the Finance function	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action
		For transaction areas determine the best in class and develop plans to improve where appropriate	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action
		Develop a comprehensive training programme across the council for all areas of Finance	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action
		Introduce a Workforce Development Plan across Finance including a Skills Development Plan and succession planning	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action
		Improve the financial information provided to budget managers	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 386	Strategic Objective 28 continued	Devise a common set of financial reports across the council	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action
		Define the information that should be provided in reports and link to business management information	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action
		Continue to develop the SAP financial management system to improve the efficiency of transactions across the council	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action
		Develop the SAP system to ensure it is the primary source of information and reports are produced via SAP and do not require additional refinement or manipulation before circulation	Apr 24 - Mar 25	Service plan measure/ milestone	System upgrade being completed In house resource to complete action
		Ensure there is effective data management processes in relation to finance	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action
		Review the chart of accounts to ensure it is fit for purpose	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
		Introduce a Procurement Board to increase value for money (VfM) across the council	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action
		Ensure the council's processes and procedures comply with new procurement regulations	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action
		Implement and deliver a contract management function	Apr 24 - Mar 25	Service plan measure/ milestone	In house resource to complete action
29	Enhance the efficiency of the council's property holdings by strategically optimising the portfolio, ensuring it consists of affordable assets that support essential services or serve as viable investments CST - Director of Property	Challenge every asset and the reason for holding it and ensure that we have a robust plan in place for its disposal, development or management. Develop the Implementation Plans for each outcome	Apr 24 - Mar 25	Service plan measure/ milestone	Team capacity to deliver the outcomes Interdependency with other service areas and with professional services and their capacity to deliver outcomes Wider sensitivity around changes to assets Fitness for purpose of assets available and supply of more suitable ones

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 388	Strategic Objective 29 continued				Uncertainty over service strategies
		Develop Service Asset Plans (SAMPS), via service area strategic governance groups, which consider the services current asset use and costs, identifies changes to the way in which services will be delivered in the future, the impact this has on their asset base requirements and put a plan in place to deliver the change	Apr 24 - Oct 24	Service plan measure/ milestone	Capacity within the team Capacity within service teams and engagement at the appropriate level to enable decisions to be made Uncertainty of future service delivery strategies in some areas
		Ensure that effective governance is in place around property asset decisions at all levels, developing clear terms of reference for any committees	Apr 24 - Oct 24	Service plan measure/ milestone	Ongoing attendance at Corporate Asset Management Group and service area Strategic Governance Group, at sufficient level to enable decisions
		Produce a refined and deliverable asset rationalisation plan to reduce the estate by 50% overall, based on agreed criteria. Advise on the	Apr 24 - Oct 24	Service plan measure/ milestone	None identified

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
		interdependencies, risks and implications and agree the governance			
30	Improve customer and employee experience at our sites by delivering fit for purpose spaces that are consistent, positive and conducive to productivity, thereby supporting overall efficiency in service delivery	Implement the agreed corporate landlord model, centralisation of all land and property assets, decision making and budgets	Apr 24 - Mar 25	Service plan measure/ milestone	Inadequate budgets transferred from service departments
		Develop a corporate brand for council buildings and take opportunities to implement as assets are developed	Apr 24 - May 24	Service plan measure/ milestone	Insufficient capacity and budget to implement the outcomes
	Drive asset-led transformation in service delivery by envisioning and developing the future County Council Headquarters and operating model, aligning them with the broader vision for the public estate	Progress the Outline Business Case for County Hall options to allow the council to make an informed decision on its future relationship with the building	Apr 24 - Oct 24	Service plan measure/ milestone	Insufficient funding Delay to the programme will result in the work to date becoming obsolete
	CST - Director of Property	Work with partners to agree an integrated approach to the use of public assets in Matlock	Apr 24 - Oct 24	Service plan measure/ milestone	Capacity and resource to deliver outcomes
		Develop interim opportunities for the use of the Matlock campus, around reducing our	Apr 24 - Mar 25	Amount of money raised from the disposal of council land and buildings	Capacity to deliver Budget to fund

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 390	Strategic Objective 31 continued	footprint, disposing of peripheral buildings, improving the customer and workforce experience			transformation of spaces to enable moves
		Develop interim opportunities for the use of the Matlock campus, around reducing our footprint, disposing of peripheral buildings, improving the customer and staff experience	Apr 24 - Mar 25	Service plan measure/ milestone	Capacity to deliver Budget to fund transformation of spaces to enable moves
		Review the ability of the wider asset base to contribute to any working model, through a hub and spoke arrangement and dispersed or consolidated workforce	Apr 24 - Mar 25	Service plan measure/ milestone	Fitness for purpose of available assets Budget and resource to enable disposals and moves Required transformation of service delivery in conjunction
32	Implement a Digital Improvement Programme to better support and develop systems across the council	Provide cost effective, reliable and secure technology to our workforce	Apr 24 - Mar 25	Service plan measure/ milestone	Not securing funding

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
Page 391	CST - Director of Digital	Provide the workforce with the digital technologies, systems and workspaces to enable them access to what they need, when they need it, from any location	Apr 24 - Mar 25	Service plan measure/ milestone	Not securing funding and
	Strategic Objective 32 continued	Further develop the Enterprise Architecture function that sets out the technical journey to underpin digital, data and ICT transformation	Apr 24 - Mar 25	Service plan measure/ milestone	Not securing funding to deliver roadmaps and strategies
		Develop and deliver an Integration Strategy and architecture that supports end-to-end digital service design	Apr 24 - Mar 25	Service plan measure/ milestone	Not securing funding to deliver the technology
		Develop application roadmaps to support end to end system and service design	Apr 24 - Mar 25	Service plan measure/ milestone	Not securing funding to deliver the roadmap
		Adopt a “digital first” and “cloud first” approach to procuring and adopting new systems and delivering our existing services	Apr 24 - Mar 25	Service plan measure/ milestone	Not Securing funding

Ref	Strategic Objectives	Action	Dates	Key Council Plan Measures	Risk
33	Embed best value principles in all aspects of Place service delivery, driving innovation and improvement in the achievement of council objectives Place - Directors	Embed strong performance management within and across all service areas	Apr 24 - Mar 25	Service plan measure/ milestone	Available resources ICT systems support
		Ensure robust budget management is in place	Apr 24 - Mar 25	Service plan measure/ milestone	Available resources Skilled workforce Effective systems and processes
		Attract, develop, empower and retain the best people, capable of driving dynamic and agile services	Apr 24 - Mar 25	Service plan measure/ milestone	None identified
	Strategic Objective 33 continued	Deliver efficient and effective services that understand and manage risk appropriately, and utilise audit findings to drive improvement and act on feedback received from the customer to shape future service requirements	Apr 24 - Mar 25	Service plan measure/ milestone	Available resources Suitable mechanisms in place to capture customer feedback effectively
		Review and develop existing contract management arrangements to ensure maximum benefits and value for money are achieved	Apr 24 - Mar 25	Service plan measure/ milestone	Available resources

This page is intentionally left blank



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

Thursday, 1 February 2024

Report of the Executive Director - Children's Services

Early Help and Children's Centres in Derbyshire
(Cabinet Member for Children and Families)

1. Divisions Affected

1.1 County-wide

2. Key Decision

2.1 This is a key decision

3. Purpose

3.1 To seek urgent approval to commence public consultation, and engagement with partner agencies on the proposed redesign of the Early Help service including Children's Centres.

3.2 To seek an in-principle decision from Cabinet for public consultation should savings proposals to specific services for children with a disability require this.

4. Information and Analysis

4.1 The current Early Help Teams and Children's Centres provide support to children, young people and families with an evidenced level of intensive needs (as set out in the Derby City and Derbyshire Safeguarding Children Threshold Document) including the following:

- Support undertaking Early Help Assessments with children, young people and families
- One to one support within the home
- Direct work with children and young people
- Parenting assessments
- Family Time (supervised contact)
- Connecting children, young people and families to more sustainable and community-based support
- Lead professionals leading a Team Around the Family
- Parenting groups delivering the Solihull Parenting Approach and Non-Violent Resistance training
- Core offer of groups and activities for children 0-5 and their families focussed on child development, school readiness and parenting
- Targeted support to reduce the risks of children being exploited (CE)
- Missing Return Interviews
- Use of the Graded Care Profile (to support cases of neglect or compromised parenting)
- Street and community based detached work with young people
- Support to address conflict within families
- Support to improve family relationships
- Support to improve school attendance / engagement with education

4.2 The local authority has a statutory duty to promote contact, under s34 of the Children Act 1989. This places the council under a duty to allow the child in its care reasonable contact with parents and other family members as defined in s34(1). Whilst some contact between looked after children and family can be in the community, with younger children this is often at Children's Centres. A large number of Children's Centre buildings also provide opportunities for partners and volunteers to support children, young people and families.

4.3 Children's Centre staff play an important role around the Keeping Babies Safe agenda and so a pre-birth framework of direct work is delivered one to one with families, or through a targeted antenatal group. The work incorporates the key areas of the 'Keeping Babies Safe' partnership approach, as well as additional important considerations such as practical preparation for birth, coping with a crying baby, play and stimulation.

4.4 The Early Help Development Team sits within the wider Early Help Service. This team has been in place since 2019 and was established

as part of the previous Early Help Review and funded through the Supporting Families reserve. The staff within the team are on fixed term contracts until 31 July 2024.

- 4.5 The Early Help Development Team's role is primarily to support partners to develop and deliver their own early help interventions (thereby reducing the need for Children's Services to provide on-going support). The team also works with community groups and volunteers to grow and develop provision for young people.
- 4.6 The role of building strength in families to keep children with their families is vital work that prevents children coming into care. The [best practice guidance](#) recognises the importance of that work. Key provisions introduced in Working together to safeguard children 2023 (nspcc.org.uk) sets out the relevant guidance in relation to early help and the involvement of families in the design of any services.
- 4.7 The work of both the Early Help Teams and Children's Centres were commended by the Ofsted inspectors during their recent inspection of Children's Services (November 2023).
- 4.8 In order to support the required savings to support setting a balanced budget Children's Services have put forward plans to save around £2.80m from the Early Help Service and Children's Centre offer.
- 4.9 It is also proposed not to extend the Early Help Development Team beyond 31 July 2024 thereby reducing demand for the Supporting Families reserve by £1.6m per year.

5 Consultation

- 5.1 In relation to Early Help and Children's Centres, it is proposed to begin a 6-week period of consultation with the public, and also engagement with partner agencies including:
- Schools
 - Colleges
 - Public Health Nursing
 - GPs
 - Derbyshire Police
 - Community Safety
 - Post-16 training providers
 - Midwifery
 - Derby City and Derbyshire Safeguarding Children Partnership

- Social Care
 - Schools & Learning
 - Thriving Communities
 - Youth Justice
 - CAMHS
 - Public Health
 - Court service and the local judiciary
 - CAFCASS and solicitors acting for parents
- 5.2 The local authority is considering the most efficient and effective use of disabled residential services in one of our homes called The Getaway, and the support services provided directly to families in local communities through the Outback service.
- 5.3 An in-principle decision is being requested of Cabinet that when the detail of these changes is clarified, should the implementation of any changes require public consultation, Cabinet have already taken this in principle decision.
- 5.4 In relation to the local offer, this will be subject to annual review in the Spring and appropriate consultation will be undertaken with the following groups, individuals and organisations as outlined below:-
- Children and young people with special educational needs and the parents of children with special educational needs;
 - Children and young people with a disability, and the parents of children with a disability;
 - The governing bodies of maintained schools and maintained nursery schools;
 - The proprietors of Academies;
 - The governing bodies, proprietors or principals of post-16 institutions;
 - The governing bodies of non-maintained special schools;
 - The management committees of pupil referral units;
 - The providers of relevant early years education;
 - The youth offending teams that the authority thinks have functions in relation to children or young people for whom it is responsible;
 - Any other person that makes special educational provision for a child or young person for whom it is responsible and those who provide advice in relation to making that provision;
 - Persons who make provision to assist children and young people in preparation for adulthood and independent living;
 - Its officers who
 - exercise the authority's functions relating to education or

- training;
 - exercise the authority's social services functions for children or young people with special educational needs or a disability;
- The National Health Service Commissioning Board;
- Any clinical commissioning group—
 - whose area coincides with, or falls wholly or partly within, the local authority's area, or
 - which exercises functions in relation to children or young people for whom the authority is responsible;
- Any NHS trust or NHS foundation trust which provides services in the authority's area, or which exercises functions in relation to children or young people for whom the authority is responsible;
- Any local Health Board which exercises functions in relation to children or young people for whom the authority is responsible;
- Any health and wellbeing board established under section 194 of the Health and Social Care Act 2012 which exercises functions in relation to children or young people for whom the authority is responsible.

5.3 Section 5D of the Childcare Act 2006 provides that:
An English local authority must secure such consultation as they think appropriate is carried out before:-

- making a significant change to the range and nature of services provided through a children's centre and/or how they are delivered ...
- closing a children's centre ...

5.4 The consultation, including an online questionnaire, will be promoted through a public awareness campaign.

5.5 Formal consultation with staff impacted by the budget reductions will take place at a later date.

6 Services for disabled children

6.1 Consideration is being given to the realignment of the Getaway short breaks Service to improve efficiency and effectiveness of use. Similarly, a review is being considered in relation to the Outback service which provides direct support to children with a disability and their families. Cabinet is requested to agree a public consultation can progress in relation to the Getaway and Outback too

7 Alternative Options Considered

- 7.1 The alternative option would be for no public consultation to be undertaken which could lead to potential reputational risk, potentials complaints and/or representations.

8 Implications

- 8.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

9 Background Papers

- 9.1 None identified.

10 Appendices

- 10.1 Appendix 1 – Implications

11 Recommendation

That Cabinet:

Approves the commencement of public consultation, and engagement with partner agencies on the proposed redesign of the Early Help service including Children's Centres, and specific services for children with a disability as outlined above.

Approves an in-principle decision for public consultation should savings proposals to specific services for children with a disability require this.

12 Reasons for Recommendation

- 12.1 Approving the commencement of the consultation will allow the public and partners an opportunity to share their views in relation to the proposed redesign and provides opportunities for ideas to be developed to support the shape of the service redesign.

13 Is it necessary to waive the call-in period?

- 12.1 No

Report Chris Caley
Author:

Contact Chris.Caley@derbyshire.gov.uk
details:

Implications

Financial

- 1.1 The consultation can be carried out utilising existing resources, therefore there are no direct financial implications.
- The outcome of the consultation will inform plans for Children's Early Help Services. As set out in sections 4.8 and 4.9, in order to deliver the required savings to achieve a balanced budget, Children's Services have put forward plans to save around £2.80m from the Early Help Service and Children's Centre offer and is proposing not to extend the Early Help Development Team beyond 31 July 2024, reducing demand for the Supporting Families reserve by £1.6m per year.

Legal

- 2.1 Under 5D of the Childcare Act 2006 the Council has a statutory duty to consult before any significant change is made in the services provided through a relevant Children's centre.

The Council has a wide discretion as to what the consultation should comprise of taking into consideration the Statutory guidance which sets out the consultees, and that any such consultation should make it clear how the needs of families with children under 5 would continue to be met under any proposed service reorganisation.

The Council should consult everyone who could be affected by the proposed changes, for example, local families, those who use the centres, children's centre staff, advisory board members and service providers. Particular attention should be given to ensuring disadvantaged families and minority groups participate in consultations. It is advisable to consult with partner agencies and charitable organisations.

In relation to service provided to disabled children, the council must make provision for a wide range of short breaks that are sufficient to meet local need. The council are also under a duty to publish a local offer detailing the arranging for short break provision. Depending on the detail of any proposal it may trigger a consultation process possibly as part of a review to the local offer or alternatively as a statutory duty.

Case law has established that there is a wide discretion as to what the consultation should comprise of subject only to the requirement of Statutory Guidance.

Other Case law has established minimum requirements for public consultation which can be summarised as: -

- Consultation must be at a time when proposals are at a formative stage.
 - Sufficient information must be given to permit a person to “give an intelligent consideration and response”.
- Adequate time must be given for consideration and response.

Case law determines that 10 weeks is a fair consultation period for such issues however, this is not a minimum requirement. A shorter consultation period may leave the Council vulnerable to judicial review. However, the risk of this may be mitigated by the quality of the consultation.

Under **S149 (1) of the Equality Act 2010** there is a positive obligation upon the Council to have “due regard to” the need to advance equal opportunities to people who have a protected characteristic. Under S4 of the Equality Act there is a list of protected characteristics. There is the need to assess the risk and extent of any likely adverse impact of the proposed decision on those with protected characteristics. An Equality Impact Assessment will evidence the Council’s compliance with this duty.

Human Resources

- 3.1 Any workforce implications arising from the proposals will be the subject of further reports on the conclusion of public consultation. Staff will be included in the public consultation.

Information Technology

- 4.1 No relevant implications for this report

Equalities Impact

- 5.1 An equalities impact assessment will be undertaken following the public consultation and the analysis shared in a future Cabinet report.

Corporate objectives and priorities for change

- 6.1 The recommendation within this report does not impact on the delivery of the priorities set out in the Council Plan. Should proposals be agreed by Cabinet in the coming months to reduce funding in Early Help and Children's Centres leading to a service re-design, this will impact on the

priorities set out in the council plan and this will be outlined in a subsequent Cabinet report.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 No other relevant implications for this report.