



Agenda Item

**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**24 January 2022**

**Joint Report of the Managing Director and the  
Executive Director, Corporate Services and Transformation**

**Revenue Budget Report 2022-23  
(Corporate Services and Budget)**

**1. Divisions Affected**

1.1 County-wide.

**2. Key Decision**

2.1 This is a Key Decision.

**3 Purpose of the Report**

3.1 To make proposals to Full Council regarding the Revenue Budget and Council Tax for 2022-23. This report should be read alongside the following reports to this Council meeting: the Budget Consultation Results Report for 2022-23, the Reserves Position Report and the Capital Programme Approvals, Treasury Management and Capital Strategies for 2022-23 Report.

## **4 Information and Analysis**

4.1 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 2022. Information relating to the funding and income streams to the Council are set out in Appendix Two. The report commences with details of the in-year position, including the impact of Covid-19, details of the Autumn Budget and Spending Review 2021, and the Provisional 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.

### **4.2 Forecast Revenue Outturn 2021-22**

4.2.1 The Revenue Budget 2022-23 is set in the context of the current in-year financial position. The forecast outturn for 2021-22 as at Quarter 2 (30 September 2021), compared to controllable budget, was reported to Cabinet on 13 January 2022 and is summarised below. The Covid-19 pandemic is continuing to have a significant impact on the Council's finances in 2021-22. The forecast outturn table shows the position net of the impact of the ring-fenced Dedicated Schools Grant (DSG) of £378.684m and Public Health grant of £42.607m, other ring-fenced grants and income from other third parties and their associated spend.

## Public

	Budget	Use of DLUHC Covid-19 & SFC Grant Funding	Adjusted Budget	Forecast Actuals	Projected Outturn	Budget Performance
	£ Millions	£ Millions	£ Millions	£ Millions	£ Millions	
Adult Care	256.903	4.058	260.961	267.223	6.262	🔻
Clean Growth and Regeneration	0.828	0.026	0.854	0.844	-0.010	✅
Corporate Services and Budget	48.035	1.071	49.106	54.053	4.947	🔻
Children's Services and Safeguarding	137.113	4.645	141.758	147.251	5.493	🔻
Health and Communities	8.537	0.095	8.632	7.539	-1.093	✅
Highways and Transport	30.747	1.228	31.975	34.652	2.677	🔻
Infrastructure & Environment	42.692	2.956	45.648	45.821	0.173	🔻
Strategic Leadership, Culture, Tourism and Climate Change	12.763	0.079	12.842	12.937	0.095	🔻
<b>Total Portfolio Outturn</b>	<b>537.618</b>	<b>14.158</b>	<b>551.776</b>	<b>570.320</b>	<b>18.544</b>	<b>🔻</b>
Risk Management	24.280	0.000	24.280	3.813	-20.467	✅
Debt Charges	28.767	0.000	28.767	27.958	-0.809	✅
Interest and Dividend Income	-4.099	1.206	-2.893	-5.056	-2.163	✅
Levies and Precepts	0.354	0.000	0.354	0.357	0.003	🔻
Corporate Adjustments	4.930	0.555	5.485	5.214	-0.271	✅
<b>Total</b>	<b>591.850</b>	<b>15.919</b>	<b>607.769</b>	<b>602.606</b>	<b>-5.163</b>	<b>✅</b>

4.2.2 An overall Council underspend of £5.163m is forecast, after accounting for use of £15.919m of non-ringfenced grant funding provided by the Department for Levelling Up Housing & Communities (DLUHC) to support local authorities with the impacts of the Covid-19 pandemic. This includes funding from:

- compensation for lost sales, fees and charges (SFC) income claimable under the Government scheme announced on 2 July 2020, which has been extended to 30 June 2021; and
- Covid-19 emergency grants of £15.337m awarded in 2021-22 and £11.248m awarded and brought forward from 2020-21. Any unspent balance of specific Covid-19 grants at the year-end will be earmarked for carry forward to set alongside related Covid-19 costs in 2022-23.

4.2.3 A summary of forecast portfolio Covid-19 impacts, showing use of specific funding for portfolio Covid-19 costs and use of non-ringfenced Covid-19 emergency grant funding against the balance of these portfolio costs, is provided below:

#### Portfolios – Forecast Covid-19 Gross Costs and Additional Income

	<b>Covid-19 Related Costs £m</b>	<b>LESS: Specific Funding for Portfolio Covid-19 Costs £m</b>	<b>Use of DLUHC Covid-19 and SFC Grant Funding £m</b>
Adult Care	18.154	(14.096)	4.058
Clean Growth and Regeneration	0.026	0.000	0.026
Corporate Services and Budget	1.071	0.000	1.071
Childrens Services and Safeguarding	8.593	(3.948)	4.645
Health and Communities	7.747	(7.652)	0.095
Highways and Transport	1.228	0.000	1.228
Infrastructure and Environment	2.956	0.000	2.956
Strategic Leadership, Culture, Tourism and Climate Change	0.079	0.000	0.079
<b>Total Portfolio Covid-19 Impacts</b>	<b>39.854</b>	<b>(25.696)</b>	<b>14.158</b>

4.2.4 A summary of the nature of specific funding for Covid-19 costs, forecast to be used towards Covid-19 portfolio costs, is provided below:

**Portfolios – Forecast Use of Specific Funding for Covid-19 Costs**

<b>Adult Care</b>	<b>£m</b>
Hospital Discharge Recharge	4.868
Infection Control Fund	9.228
<b>Total Adult Care</b>	<b>14.096</b>
<b>Childrens Services and Safeguarding</b>	
Home to School Transport	0.217
Wellbeing for Education return	0.153
Winter Grant Scheme	1.012
Covid Local Grant Scheme	2.566
<b>Total Childrens Services and Safeguarding</b>	<b>3.948</b>
<b>Health and Communities</b>	
Test and Trace	0.078
Contain Outbreak Management	7.287
Support CEV Individuals	0.269
Practical Self-Isolation Support	0.018
<b>Total Health and Communities</b>	<b>7.652</b>
<b>Total Use of Portfolio Specific Covid-19 Funding</b>	<b>25.696</b>

- 4.2.5 Of the forecast £18.544m portfolio overspend, the significant variances are an overspend of £6.262m overspend on the Adult Care portfolio, a £5.493m overspend on the Children’s Services and Safeguarding portfolio, a £4.947m overspend on the Corporate Services and Budget portfolio and a £2.677m overspend on the Highways and Transport portfolio.
- 4.2.6 The forecast £6.262m overspend on the Adult Care portfolio relates to Purchased Services costs driven by the number of new care packages required to be provided to assessed individuals.

- 4.2.7 The forecast £5.493m overspend on the Children's Services and Safeguarding portfolio is primarily due to continued high demand for placements for children who are in care or unable to remain at home. The needs of individual children and the availability of placements has also meant that there are an increased number of children who have been placed in both more expensive fostering arrangements and more expensive residential provision. Other factors contributing to the overspend include the price and the number of journeys associated with transporting children with educational needs to school and the safeguarding costs of supporting a greater number of children in care and children and families in need.
- 4.2.8 The Council plans to support the Children's Services and Safeguarding portfolio through allocations of a combination of ongoing budget growth and one-off funding to put these services on a sustainable financial footing by the time mitigation measures are able to stabilise the demand pressures on looked after children. Recent modelling suggests that demand is likely to level off by 2023-24.
- 4.2.9 The forecast £4.947m overspend on the Corporate Services and Budget portfolio is mainly due to current and prior-year savings targets which are not expected to be achieved in 2021-22, relating to the Corporate Property function, running costs on buildings that are awaiting disposal and a delay in the implementation of the new Legal Services operating model.
- 4.2.10 The forecast £2.677m overspend on the Highways and Transport portfolio relates to the Winter Service budget and to savings targets which have not yet been allocated to specific services.
- 4.2.11 There is a forecast underspend on corporate budgets in 2021-22. The underspend on the Risk Management budget relates mainly to a contingency amount of £8.000m set aside to mitigate general risks arising from the current uncertain environment resulting from Covid-19 and £13.000m of additional non-ringfenced grants which were announced after the 2021-22 Revenue Budget was set. An underspend on the Debt Charges budget is forecast as the portfolio of the Council's long-term loans is repaid and interest on this debt reduces. A favourable variance is forecast in the Interest and Dividends budget. The Council utilises a range of investments to maximise its income on cash balances.

### 4.3 Autumn Budget and Spending Review 2021

4.3.1 The Spending Review 2021 (SR 2021) was launched on 7 September 2021, along with plans for Social Care Reform. These Social Care Reform plans include:

- 1.25% increase in National Insurance (NI), from April 2022, ring-fenced for health and social care.
- From April 2023, the NI increase will be legislatively separate and separately identified on employees' pay slips as a separate Health and Social Care Levy. It will also apply to individuals working above state pension age.
- 1.25% increase in tax on share dividends, from April 2022.
- These changes will raise £36bn UK-wide, of which an average of £5.4bn will be for adult social care over the next three years.
- An £86,000 cap on total care costs and means-testing for financial support to people with less than £100,000 in relevant assets will be implemented from October 2023.

4.3.2 On 27 October 2021, the Government announced the details of the Autumn Budget and SR 2021, which sets out public spending totals for three years, from 2022-23 to 2024-25.

4.3.3 The Office of Budget Responsibility (OBR) forecasts that Gross Domestic Product (GDP) will rise by 6.5% in 2021. The OBR now expects the economy to regain its pre-pandemic size around the turn of the year, earlier than the previously expected mid-2022. All medium-term forecasts are revised upwards.

4.3.4 The key announcements in the Autumn Budget and SR 2021, relevant to local government, were:

- Core spending power for local authorities is estimated to increase by an average of 3% in real terms each year over the SR 2021 period, including investment in Adult Social Care reform.
- The approach to allocating funding in 2022-23 will be set out in the Provisional Local Government Finance Settlement.
- There will be further engagement with the sector on wider reforms to be implemented in subsequent years.
- Around £1.6bn of new funding is allocated over each year of the SR 2021 period, for social care and other services. This is the largest increase in core local government funding in over a decade. Funding for the additional cost of NI for Social Care is included in this new funding. Over the SR 2021 period, this funding also includes:
  - £200m to expand the Supporting Families programme
  - £37.8m to address cyber security issues facing local government.

- A further £3.6bn of the £5.4bn of funding for adult social care reform announced on 7 September 2021 will be routed through local government, to implement the cap on personal care costs and changes to the means test. This funding will also help local authorities better sustain their local care markets by moving towards a fairer cost of care.
- Within the Department for Health and Social Care settlement is £1.7bn from the £5.4bn of funding for adult social care reform, which will be invested over three years to improve social care more broadly, of which at least £500m will be dedicated to improving skills, qualifications and wellbeing in the adult social care workforce.
- The Government will maintain the Public Health Grant in real terms over the SR 2021 period.
- £259m is allocated over the SR 2021 period to maintain capacity and expand provision in secure and open residential children's homes.
- Investment of £500m over the next three years to transform 'Start for Life' and family help services in half of the council areas across England. This will fund a network of Family Hubs, Start for Life services, perinatal mental health support, breastfeeding services and parenting programmes. It includes an additional £200m for the Supporting Families programme.
- Provision of £200m each year to continue the holiday activities and food programme for disadvantaged children in England.
- A 2% per year Council Tax general increase is assumed, with an additional 1% per year of Adult Social Care Precept (ASC Precept) for social care authorities. Local authorities can carry forward unused ASC Precept in 2021-22, in addition to the 1% cap in 2022-23.
- Reform of business rates, including a significant tax cut for retail, hospitality and leisure industries. Local authorities will be fully compensated for the loss of income as a result of these business rates measures and will receive new burdens funding for administrative and IT costs. There will be additional compensation for under-indexation of the Business Rates multiplier, including the gap between CPI and RPI inflation rates, and will be additional to the £4.8bn increase in core spending power.
- It was also announced that there will be more frequent Business Rates revaluations, which will be every three years from 2023.
- There will be an increase in the National Living Wage (NLW) by 6.6% to £9.50 an hour for people aged 23 and over, starting on 1 April 2022. The Government continues to aim for a NLW of two-thirds of median incomes by 2024.
- The Government will oversee an increase in skills spending over the parliament, up by £3.8bn.
- An additional £4.7bn towards the core schools' budget in England by 2024-25.



- Allocation of £2.6bn over the SR 2021 period for 30,000 new school places for children with special educational needs and disabilities (SEND) in England.
- £3.2bn for educational recovery over the SR 2021 period, including a £1bn Recovery Premium for the next two academic years, and support for additional learning hours, tutoring courses for disadvantaged pupils and teacher training.
- £560m towards youth services in England.
- Announcement of the first local infrastructure projects to receive £1.7bn in allocated funding through a £4.8bn multi-department Levelling Up Fund.
- The first 21 projects to be funded by a £150m Community Ownership Fund were also announced.
- Up to £200m was announced to deliver eight Freeports in England.
- The UK Shared Prosperity Fund is the successor to the EU Structural Fund programme, and funding will rise to £1.5bn a year by 2024-25.
- The Levelling Up White Paper will provide further information on the Government's plans regarding devolution deals.
- Allocation of £2.7bn over the next three years for local roads maintenance in places not receiving City Region Settlements.
- Bus investment of £3bn across the parliament, including a new dedicated commitment of £1.2bn for bus transformation deals in England, to deliver London-style services, fares and infrastructure improvements.
- Additional income in 2024-25 from the Extended Producer Responsibility Scheme, for managing packaging waste in the final year of the SR 2021 period.
- £34.5m of additional funding over the SR 2021 period to further strengthen local delivery and transparency. This funding will help to strengthen the sector's procurement and commercial capacity, establish the Audit Reporting and Governance Authority as the new local audit systems leader, and help local councils meet new transparency requirements.

## 4.4 Local Government Finance Settlement

4.4.1 Details of the Provisional Local Government Finance Settlement 2022-23 (Provisional Settlement) were published on 16 December 2021. The Provisional Settlement was broadly in line with the indicative quantum announced in the Autumn Budget and SR 2021. 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 13 January 2022, following consultation with the Cabinet Member, Corporate Services and Budget. A copy is attached at Appendix Three. Details of the Final Settlement are expected to be published by early February 2022. This may be after the Council has formally set its budget and Council Tax on 2 February 2022. Whilst this presents a risk, it is felt to be manageable within the context of the Council's overall finances.

4.4.2 Further to the key announcements relevant to local government from the Autumn Budget and SR 2021, the headlines from the Provisional Settlement and associated Technical Consultation, and later announcements, are:

- SR 2021 announced additional funding for local government of £1.8bn, this being £1.6bn of new grant funding and £0.2bn for adult social care reform. The new grant funding of £1.6bn has been allocated to local authorities as follows:
  - £822m 'one-off' 2022-23 Services Grant.
  - £636m Social Care Grant.
  - £73m additional un-ringfenced funding allocated to the Revenue Support Grant.
  - £63m additional Improved Better Care Fund.
- The Council Tax basic referendum principle will be a 1.99% increase for 2022-23 with an additional 1% flexibility for the ASC Precept, plus any carry forward from 2021-22 where local authorities have not taken the full 3% ASC Precept increase allowed in that year.
- The Government's intention was for a reform of the New Homes Bonus (NHB) system to be implemented for 2022-23 and this has not happened. Therefore, there has been a new £333m payment for local authorities.
- Allocations of the Public Health Grant are expected to be announced in January 2022 and are most likely to rise with inflation, however, this is still to be confirmed.

- SR 2021 confirmed that the schools budget will increase by £4bn, from £49.8bn in 2021-22 to £53.8bn in 2022-23. Government also announced that £2.6bn of capital funding was being allocated for school places for children with SEND. The Dedicated Schools Grant (DSG) announcement contains an additional £325m of High Needs funding, in addition to that announced in SR 2021, bringing the total additional High Needs funding to £1bn for 2022-23. A package of £1.8bn over the three-year Spending Review period for education recovery was also confirmed, including a £1bn Recovery Premium for the next two academic years for schools. As a result of the DSG announcement, every local authority area is forecast to see a cash terms increase of at least 4.7% per pupil in its mainstream school funding, alongside the high needs funding increases.
- There is no additional funding to support Covid-19 related costs, however, there was an indication that this would be visited early in 2022, in the event that further restrictions are implemented.
- In addition to the above, local authorities have been allocated £162m for adult social care reform, through a 'Market Sustainability and Fair Cost of Care Fund'. The allocation for Derbyshire is £2.4m. The Government is consulting on the methodology for distribution of this fund, with the preferred option of using the adult social care relative needs formula. The 2022-23 funding is designed to ensure local authorities can prepare their markets for reform. To prepare markets, the Government expect local authorities will carry out activities such as:
  - Conduct a cost of care exercise to determine the sustainable rates and identify how close they are to it.
  - Engage with local providers to improve data on operational costs and number of self-funders to better understand the impact of reform on the local market (particularly the 65+ residential care market, but also additional pressures to domiciliary care).
  - Strengthen capacity to plan for, and execute, greater market oversight (as a result of increased section 18(3) commissioning) and improved market management to ensure markets are well positioned to deliver on our reform ambitions.
  - Use this additional funding to genuinely increase fee rates, as appropriate to local circumstances. To fund core pressures, local authorities can make use of over £1bn of additional resource specifically for social care in 2022-23. This includes the increase in Social Care Grant and the improved Better Care Fund, a 1% ASC Precept and deferred flexibilities from last year's settlement.

- As a condition of receiving further grant funding relating to the 'Market Sustainability and Fair Cost of Care Fund' in the two following years, local authorities will need to submit to the Department of Health and Social Care (DHSC):
  - A cost of care exercise – produced by surveying local providers for 65+ residential and nursing care and 18+ homecare to determine a sustainable fee rate for different care settings. Exercises will need to accurately reflect local costs such as staff pay and travel time and provide for an appropriate return on capital or return on operations. Local authorities will be expected to publish the exercises.
  - A provisional market sustainability plan setting out local strategy for the next 3 years (2022 to 2025) – using the cost of care exercise as a key input, this provisional plan will demonstrate the pace at which local authorities intend to move towards a sustainable fee rate, in particular taking account of the impact of section 18(3) as well as other pressures they have identified. The Government also expects to see strategic planning for changes in types of provision in response to local need with other local areas, taking into consideration the role of new models of care (including housing).
  - A spend report – this will detail how money has been allocated in line with the Government's expectations in order to achieve a more sustainable local market as set out above.

### **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 provides provisional allocations for one year 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. Meetings with Government representatives during Autumn 2021 indicated that next year would be the first year of a multi-year settlement. However, despite the signals, 2022-23 will be the fourth 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:

	<b>2021-22 allocations £m</b>	<b>2022-23 allocations £m</b>
Revenue Support Grant	13.813	14.231
Business Rates Top-Up	94.892	94.892
Business Rates – Local*	12.257	15.875
	<b>120.962</b>	<b>124.998</b>

\*2021-22 Business Rates – Local - updated for final 2021-22 estimates.

- **Revenue Support Grant** - RSG has increased in line with the Consumer Price Index (CPI) between September 2020 and September 2021, with no change to the distribution of RSG from that used in 2021-22.
- **Business Rates Top-Up** - Business Rates Top-Up has not increased. This is in line with the freeze in the Business Rates multiplier. However, the 'business rates capping' grant, has increased to compensate for the under-indexation of the multiplier. The Government has fixed, in real terms, authorities' retained business rates baselines until the business rates system is reset, with no alteration of the existing mechanism for determining tariff and top-up payments in 2022-23.
- **Business Rates – Locally Retained** - The figure for Local Business Rates shown in the table above is the Council's high-level estimate of its Derbyshire business rates income for 2022-23, based on previous years' income and the assumption that there will be a 1% growth in local business rates taxbase in 2022-23 but a deficit on the collection fund of £3.500m as a result of the Covid-19 pandemic (2021-22: £6.927m). No 2022-23 business rates estimates have been received from the billing authorities. Although the billing authorities have until 31 January 2022 to provide the Council with the final estimates for 2022-23 growth to be used in setting the budget, the difficulties for billing authorities of forecasting during the Covid-19 pandemic mean that this information will again be received later than was usual pre-pandemic.

The Council receives 9% of business rates collected locally. A verbal update of the business rates income forecast will be provided at the meeting, when it is expected that some information will have been received. As a result, the Council's estimate of locally retained business income could change to a greater extent than in a 'normal' year. Any changes to the figure shown in Appendix Two will be managed through the Risk Management Budget or Reserves.

## New Homes Bonus (NHB)

4.4.5 The NHB grant was introduced in April 2011. The scheme is aimed at encouraging local authorities to grant planning permission for the building of new houses and then share in the additional revenue generated. It is paid annually from a top slice of RSG. The allocations tend to favour councils with lower tier responsibilities. The Government's intention was for a reform of the system to be implemented for 2022-23 and this has not happened. There is a new £333m payment for local authorities in 2022-23 and the allocation for the Council is better than anticipated, at £1.868m.

4.4.6 The payment methodology is the same as in 2021-22. As announced in 2020-21, no legacy payments will be made on new allocations from 2020-21 onwards; meaning that the 2020-21-2022-23 bonuses are not included in the calculation of payments in 2022-23. The final outstanding legacy payment will be made on the allocation from earlier years, as previously announced.

## General Grant

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

	<b>2021-22</b>	<b>2022-23</b>
	<b>£m</b>	<b>£m</b>
Improved Better Care Fund (iBCF)	34.682	35.713
Business Rates Capping*	9.176	9.274
Social Care Grant	27.617	37.628
2022-23 Services Grant	0	7.781
Local Council Tax Support*	6.000	0
Local Tax Income Guarantee Scheme for 2020-21**	0.700	0
Independent Living Fund*/***	2.534	0
Extended Rights to Free Travel*/***	1.405	0
Local Reform and Community Voices Grant*/***	0.520	0
War Pensions Scheme Disregard*/***	0.162	0
Prison Services*/***	0.094	0
Moderation Phonics Grant*/***	0.033	0
Financial Transparency Grant*/***	0.017	0
	<b>82.940</b>	<b>90.396</b>
<b>Covid-19 (C-19) Grants:</b>		
C-19 Local Authority Support	15.337	0
C-19 Additional Dedicated Home to School Transport*	0.094	0
C-19 Wellbeing for Education Return*	0.121	0
C-19 Clinically Extremely Vulnerable*	1.294	0
C-19 Sales, Fees and Charges Scheme*	1.473	0
<b>Total</b>	<b>18.319</b>	<b>0</b>

- \* 2021-22 figures updated from Revenue Budget Report following announcement/release of allocations.
- \*\* 2021-22 includes forecast amount for grants/funding announced and expected to be received by the end of 2021-22.
- \*\*\* For 2022-23 awaiting Government information about this grant; where numbers are included it is considered likely that funding will be received at around 2021-22 levels or an indicative allocation has been received.

- **Improved Better Care Fund (iBCF)** – the Comprehensive Spending Review 2015 announced that £1.5bn would be added to the ring-fenced Better Care Fund progressively from 2017-18. This was later increased by £2bn, at the Spring Budget 2017, allocated over a three-year period, reaching £1.837bn in 2019-20 nationally. In 2020-21 the iBCF additionally incorporated £240m of funding allocated as a Winter Pressures Grant in 2019-20, no longer ring-fenced for alleviating NHS winter pressures. For 2021-22, funding was maintained at 2020-21 cash terms levels (£2.1bn). For 2022-23, the 2021-22 allocation has been uplifted by £63m for the change in CPI between September 2020 and September 2021, with the existing distribution formula again unchanged.
- **Business Rates Capping** – compensates authorities by means of Section 31 grants for reductions in business rates income, following decisions by Government to change the rate relief for some organisations in the 2018 Budget and for changes in the uprating of the business rate multiplier from the Retail Price Index (RPI) to the lower CPI. The amount included in the Council's 2022-23 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 2022 to be used in setting the budget. A verbal update of business rates income will be provided at the meeting.
- **Social Care Grant** - the £2.35bn Social Care Grant consists of £636m new funding (announced in SR 2021) and direct continuation of the 2021-22 £1.71bn Social Care Grant. The 2022-23 new funding allocations of £556m have been determined according to the Adult Social Care Relative Needs Formula, and the remaining £80m used to equalise a local authority's ability to raise additional funding through the ASC Precept, at the same level of equalisation as in 2020-21 and 2021-22. As a result, the Council receives a higher share of the Social Care Grant, which reflects its low Council Tax taxbase. The whole £2.35bn Social Care Grant is un-ringfenced, with no conditions attached.

- **2022-23 Services Grant** – the new £822m 2022-23 Services Grant is to support the delivery of all local authorities' services in 2022-23. The funding will be distributed through the existing formula for assessed relative need. This grant includes funding for local government costs for the Social Care Reform increase in employer National Insurance Contributions, announced in September 2021. The grant is un-ringfenced, with no conditions attached. This will be a one-off grant for 2022-23. Government intends to work closely with authorities on how to best distribute this money for 2023-24 onwards.
- **Local Council Tax Support** – 2021-22 new funding of £670m provided in recognition of the increased costs of providing local Council Tax support and other help to economically vulnerable households following the pandemic. Essentially this is un-ringfenced compensation for a depleted Council Tax taxbase and to keep Council Tax bills low for those who have been hardest hit by the Covid-19 pandemic.
- **Local Tax Income Guarantee Scheme** – 2021-22 compensation to local authorities for 75% of irrecoverable losses in Council Tax and Business Rates income in respect of 2020-21 (announced in SR 2020).
- **Independent Living Fund (ILF)** – in 2015 local authorities in England became responsible for supporting clients previously supported through the ILF. The Government originally committed to providing non ring-fenced funding to local authorities until 2019-20 but this continued into 2021-22 with no increase. The Provisional Settlement did not announce whether ILF grant would again be received in 2022-23, and pending receipt of any further information, no grant income has been assumed for 2022-23. One-off support for Adult Social Care and Health equal to the 2021-22 ILF grant will be provided from the Council's General Reserve to compensate for this. In the event that the Government does later confirm continuation of the ILF grant for 2022-23, Adult Social Care and Health will be required to reimburse the General Reserve for this one-off support.
- **Other Grants** - pending receipt of grant information, no income amounts for the other grants below have been included in the Council's 2022-23 budget calculation. Departments have been compensated previously, in the base budget, for these grants and hence any receipt will be taken into the Risk Management Budget.
  - **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.
- **Covid-19 Pandemic Grants** - the Council, like all local authorities, has incurred additional costs as a result of the Covid-19 pandemic. Grant income has been received from Government in respect of Covid-19 in 2020-21 and 2021-22. Any unspent balance of Covid-19 grants at the year-end will be earmarked for carry forward to 2022-23. No additional Covid-19 funding has been announced in the Provisional Settlement, although Government might review this, now the more infectious Omicron variant of concern has become dominant, and new wave cases and hospitalisations have increased. The Sales, Fees and Charges Scheme continued from 2020-21 into the first quarter of 2021-22. This scheme has now ended. The scheme focused on compensating councils for irrecoverable and unavoidable losses from sales, fees and charges income generated in the delivery of services.

### **Private Finance Initiative Grant (PFI)**

4.4.8 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 2021-22 is £10.504m.

## Ring-Fenced Grants

4.4.9 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 2022-23 were published on 16 December 2021. Details of DSG schools block funding will be considered in a separate report to this meeting and the remaining blocks will be considered in March 2022.
- **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. The Council's allocation for 2022-23 is expected to be announced in January 2022 and will most likely rise with inflation, however, this is still to be confirmed. The Government has also not yet confirmed whether the ring-fence and grant conditions will remain in place, but it is expected that they will, until at least 31 March 2023. 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, however these have been delayed because of the impacts of Covid-19.
- **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 Clinical Commissioning Groups (CCGs) 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 2022-23 allocation for Derbyshire as a whole has yet to be announced and to date there is no indication as to whether the National Health Service (NHS) contribution to the Better Care Fund will increase. The 2021-22 allocation of £108.604m was split as follows:

	<b>Public</b>
	<b>2021-22</b>
	<b>£m</b>
Tameside and Glossop CCG	2.622
Derby and Derbyshire CCG	60.216
<b>CCG Minimum Contribution</b>	<b>62.838</b>
<b>CCG Additional Contribution</b>	
Other	0.928
<b>Total CCG Contribution</b>	<b>63.766</b>
<b>DCC Additional Contribution</b>	
ICES Equipment	1.647
Other	0.611
Disabled Facilities Grant	7.898
Improved Better Care Fund	31.055
Winter Pressures Grant	3.627
	<b>44.838</b>
	<b>108.604</b>

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 resources for reducing the impact on the acute sector are performance related and will not be paid to the acute service if the targets are not achieved.

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, delayed transfer of care, avoidable emergency admissions and patient/service user experience.

This funding system presents opportunities and risks to the Council and these are the subject of detailed negotiation with the CCGs. The additional funding helps to bridge the funding gap left by the reduction in Revenue Support Grant over the last few 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 Council Tax taxbase positions have been received from all billing authorities these have yet to be fully confirmed. The billing authorities have until 31 January 2022, the statutory deadline, to confirm their taxbase positions.
- 4.5.3 The total Council Tax taxbase figure for 2022-23 is provisionally forecast at 257,097.90, based on the number of equivalent Band D properties, a 1.86% 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 £6.488m. This is calculated by multiplying the increase in the number of properties by the Council's Equivalent Band D Council Tax rate in 2021-22. Previous years have seen increases in the taxbase of 0.41%, 1.71% and 1.17%. The taxbase increase for 2021-22 was less than in recent years because of the impact of the Covid-19 pandemic, namely an increase in the number of residents claiming Council Tax benefits. However, support is being received from the Council Tax Support Scheme grant in respect of that year, referred to above. Essentially this is un-ringfenced compensation for a depleted Council Tax taxbase and to keep Council Tax bills low for those who have been hardest hit by the C-19 pandemic. Based on strong expected housing growth, the Five Year Financial Plan (FYFP) assumes prudent annual taxbase increases of 1.50% from 2023-24.

## Collection Fund

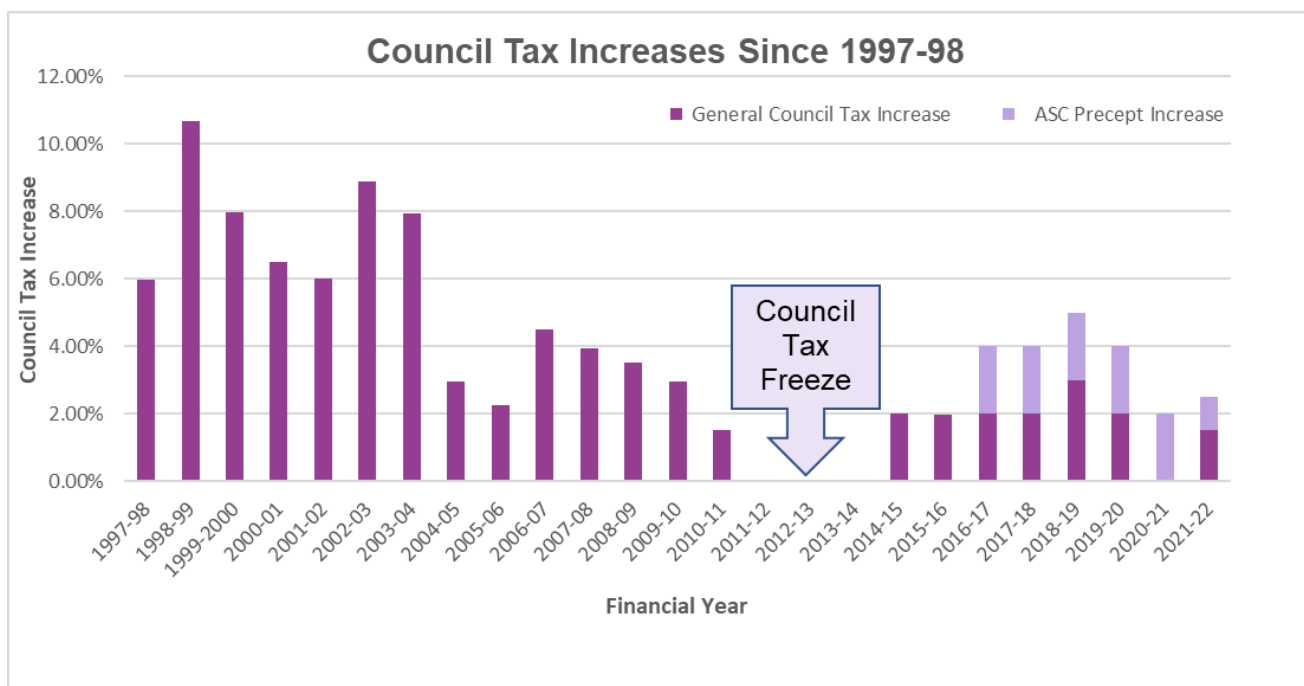
- 4.5.5 Covid-19 severely impacted on the Council Tax collection fund position in the Council's Revenue Budget 2021-22. The Council Tax collection fund deficit for 2021-22 was estimated at £2.306m in the Council's Revenue Budget 2021-22 Report, although this figure was not final. Billing authorities have until 31 January to confirm in writing their final collection fund estimates; the latest provisional figures were included. There have been difficulties for billing authorities forecasting during the Covid-19 pandemic, and billing authorities required time to consider 2021-22 announcements of the Local Income Tax Guarantee Scheme for 2020-21 and the Local Council Tax Support scheme. This meant that final collection fund estimates were being received later than is usual. A verbal update was provided at the full Council Meeting, with a final collection fund deficit of £2.357m. In comparison, the collection fund position reported in the Revenue Budget 2020-21 Report, before the pandemic, was a surplus of £3.310m.
- 4.5.6 The repayment of collection fund deficits arising in 2020-21 is being spread over the following three years rather than the usual period of a year, giving local authorities 'breathing space' in setting budgets for 2021-22. The regulations to implement the collection fund deficit phasing came into force on 1 December 2020. Under this collection fund deficit phasing, a deficit of £1.041m was carried forward and spread into each of 2022-23 and 2023-24.
- 4.5.7 The total Council Tax collection fund surplus for 2022-23 is estimated at £3.437m, based on provisional information received to date from billing authorities, including £1.041m of deficit carried forward from 2021-22 budget setting. This provisional collection fund position is in line with the position before the pandemic. A verbal update of the Council Tax collection fund position will be provided to this meeting, when it is expected that more information will have been received. Forecasting difficulties for billing authorities remain as the Covid-19 pandemic continues. As a result, the Council's estimate of Council Tax collection fund position could change more than in a 'normal' year. 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 Reserves.
- 4.5.8 The provisional Council Tax collection fund surpluses/deficits for the individual authorities are shown at Appendix Four.

## Referendum Principles

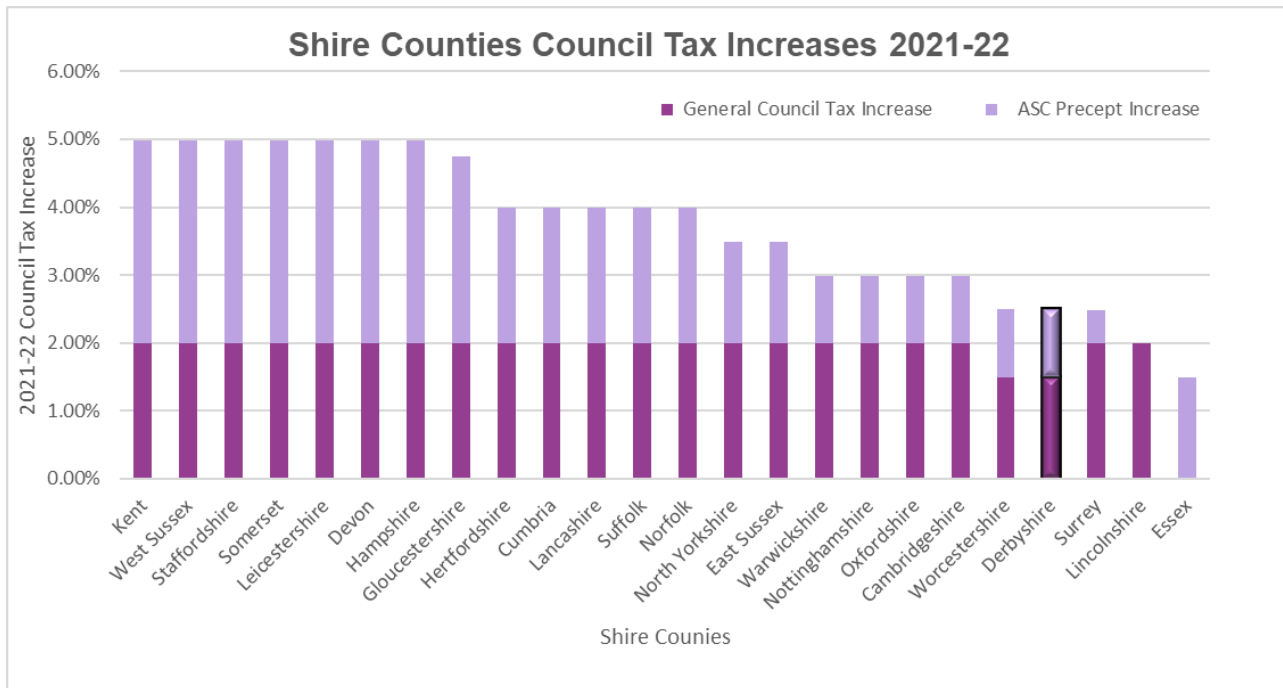
- 4.5.9 Since 2012-13, local authorities have been required to determine whether the amount of Council Tax they plan to raise is excessive. A set of principles defined by the Government is used to determine if the amount to be raised is excessive. An authority proposing an excessive increase in Council Tax must hold a local referendum.
- 4.5.10 SR 2020 provided local authorities with adult social care responsibilities the ability to increase adult social care spending by levying up to 3% using the ASC precept, in addition to an increase for county councils of up to 2% for general spending. In recognition that local authorities might not want to take up the full ASC precept flexibility in 2021-22, some, or all, of the precept could be deferred for use in 2022-23. The Council set a 1.5% general spending increase and a 1% ASC precept increase in 2021-22, providing the flexibility to set a deferred 2% ASC precept in 2022-23, on top of any general increase and irrespective of other referendum principles that may apply in 2022-23. SR 2021 provides county councils with the flexibility to increase Council Tax by up to 2% 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 1% using the ASC precept. This means that, for the Council, the maximum total Council Tax increase for 2022-23 is 5%.
- 4.5.11 Details of any assurance process relating to the use of the ASC Precept in 2022-23 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

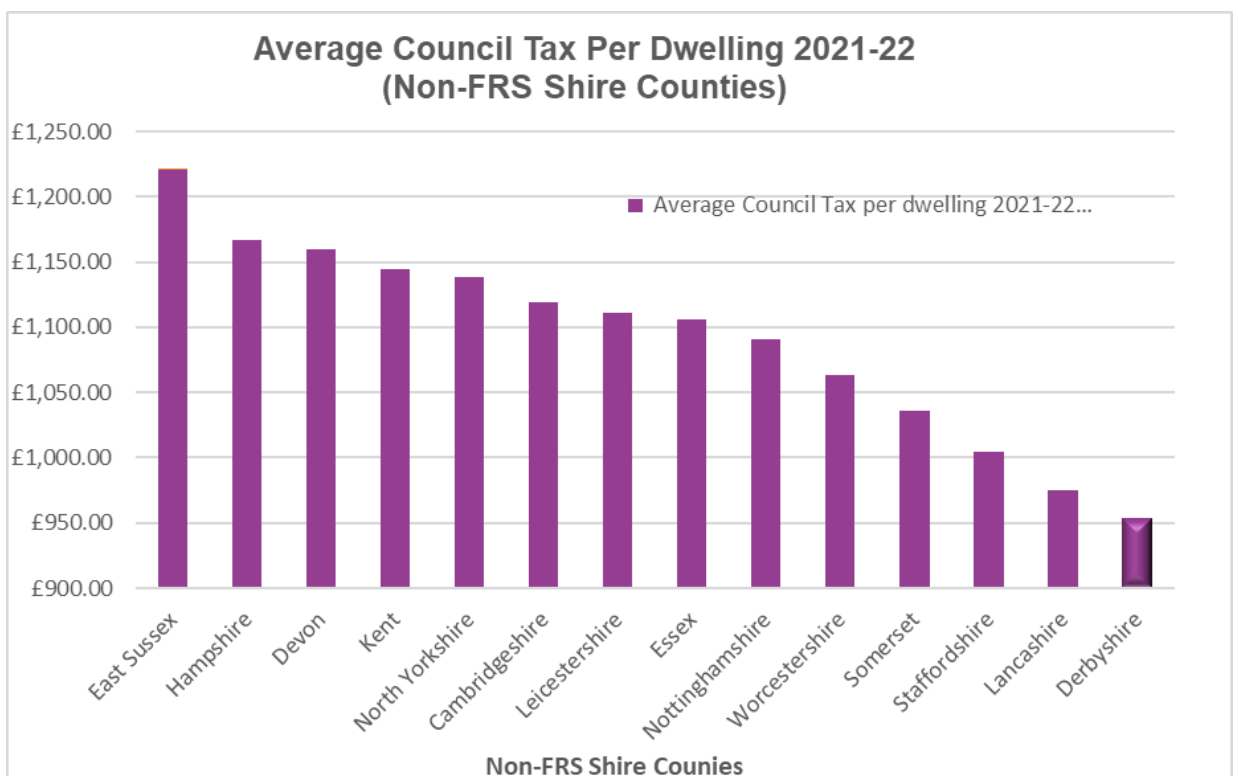
- 4.5.12 The graph below illustrates the increases raised by the Council over the last 20+ years:



4.5.13 Since 2016-17 there has been the ability to raise an additional amount of Council Tax specifically to additionally fund adult social care spending. This has added 2% to the referendum limited increase in 2016-17 through to 2020-21. In 2020-21 the Council levied the 2% ASC precept increase but not the permitted 2% general increase. In 2021-22, the Council set a total increase of 2.5%, with a 1.5% general spending increase, of a permitted 2%, and a 1% ASC precept increase, of a permitted 3%. This provides the Council with the flexibility to set an additional deferred 2% ASC precept in 2022-23. The average shire county council Council Tax increase in 2021-22, including ASC precept, was 3.8%. The chart below sets out 2021-22 total Council Tax increases and the general Council Tax/ASC Precept increase split for shire county councils. The Council had the equal lowest general Council Tax increase and was amongst the lowest third in respect of its ASC Precept increase.



4.5.14 In terms of absolute position, the Council’s Band D Council Tax level is around the average. 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 means that the mean average Council Tax paid per household is the lowest amongst the fourteen shire county councils who provide the same services as the Council (non-Fire and Rescue Service (FRS) authorities).





- 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 increase in SR 2020 and SR 2021, and the continuation of payment of Revenue Support Grant, has 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 152 authorities with adult social care responsibilities, 148 utilised some, or all, of their ASC precept flexibility for 2021-22. Of these, 100 authorities utilised the full 3%. All but one shire county council complied with the Government expectation and levied the ASC Precept. The average ASC Precept increase for shire county councils was 1.9%.
- 4.5.16 Pressures across both Children's and Adult Social Care continue to far outstrip the additional grant 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. Therefore, it is recommended that the Council accepts the need to levy the ASC Precept at 1% for 2022-23 and also to increase basic Council Tax by 2%, in recognition of Adult Social Care pressures and the significant increase in general budget pressures the Council is experiencing. This recommendation means that the Council's option of levying the remaining 2% ASC Precept from 2021-22, in addition to the increases permitted by the 2022-23 Referendum Principles, has not been exercised.
- 4.5.18 The Council is facing significant 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. Therefore, increasing Council Tax by 3% will raise an additional £10.667m in Council Tax income in 2022-23 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, have been largely absent over the last ten years or so. 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 forward plan (FYFP) update contained within this report will prove inadequate and will need to be revised upwards.

## 4.6 Price Increases

4.6.1 In line with recent years, there will be no direct increase to departmental budgets for specific price rises, other than for business rates expenditure. The impact of this price increase is estimated at £0.046m.

4.6.2 Annual UK Consumer Price Inflation (CPI) fell slightly, to 3.1%, in September 2021 but then started to increase, and reached 5.1% in November 2021. The reasons for the increase are broad-based, largely due to surging demand and supply chain problems. However, the largest increases came from transport (particularly motor fuels), clothing and footwear, partially offset by a large downward contribution from restaurants and hotels. Recognising the rising cost of energy and food, specific amounts have been set aside within contingency budgets. See section 4.7 below.

## Pay Award

4.6.3 SR 2020 recommended to local authorities that employees earning more than the NLW but less than £24,000 should receive a minimum £250 increase in pay; for other employees there should be a “pay pause” in 2021-22, with no general increase. The Council’s 2021-22 budget assumed that the recommendations of SR 2020 would be adopted and set aside £2.313m in the Council’s contingency budget, to be held until such time that a final agreement is made, when the budget will be allocated to departments. In July 2021, the national employers made a pay offer of 2.75% on National Joint Council (NJC) pay point 1 and 1.75% on all NJC pay points 2 and above. However, negotiations with the unions are still taking place and an agreement is not expected to be reached until 2022. If the pay award is agreed at a level above this 2021-22 contingency amount, the additional cost will have to be found from within existing budgets.

4.6.4 SR 2021 announced that NLW would increase by 6.6% for 2022-23, from £8.91 to £9.50, for those aged 23 and over. The last Council FYFP assumed a general pay award of 2% for 2022-23. The unions have yet to submit a 2022-23 pay claim to the national employers, which means that local authority negotiations have yet to commence. The submission is not expected until February 2022 at the earliest but may be later, with the 2021-22 pay award yet to be agreed. At this stage, a 2% 2022-23 pay award is assumed, from a starting position for 2021-22 which assumes that the July 2021 pay offer is adopted. This equates to an additional cost of £6.789m, which will be also 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.

## 4.7 Corporate Budgets

### Contingency Budgets - £33.470m

4.7.1 The overall Contingency Budget includes pay and price issues elements of £25.441m, detailed below, and one-off Local Government Pension Scheme employer pension contributions forecast at £1.381m, which are required because of a difference between forecast and actual pensionable pay. It also includes ongoing Departmental Service Pressures of £3.702m and one-off Departmental Service Pressures of £2.946m to be held over pending further information, as detailed in Appendix Five. The total Contingency Budget is £33.470m.

### Pay and Price Issues - £25.441m

4.7.2 The Council maintains a Contingency Budget which is used to help manage pay and price increases over which there is some uncertainty. Details of the Contingency Budget for pay and price issues are set out below.

- **Independent Sector Fees Increases - £12.257m** - Due to the increase in the NLW each year, there has to be an above inflation increase in the independent sector care home fees the Council pays, to reflect the additional cost pressures on the providers. For 2022-23, the NLW will increase by 6.6%, from £8.91 to £9.50, for those aged 23 and over. This amount is to be held in the Contingency Budget until negotiations are complete.

- **Pay Award - £9.102m (£2.313m for 2021-22 and £6.789m for 2022-23)** - See paragraphs 4.6.3 and 4.6.4 above. Negotiations are still ongoing. These amounts are to be held in the Contingency Budget until negotiations are complete.
- **National Insurance Social Care Levy - £1.811m** – Forecast additional cost of a 1.25% increase in employer National Insurance contributions from April 2022, ring-fenced for health and social care.
- **Local Government Pension Scheme employer contributions - £0.646m** – Forecast additional Local Government Pension Scheme employer pension contributions, which are required because of a difference between forecast pensionable pay when contributions were agreed and actual pensionable pay experience.
- **Energy/Food - £1.000m** – This is additional funding set aside to support Departments with the rising cost of energy and food in non-school budgets. This amount is to be held in the Contingency Budget until actual costs are known. Whilst energy prices will rise considerably in 2022-23, the Council's energy usage has decreased during the pandemic because of changes in the way the Council works. It is expected that energy usage will not return to the pre-pandemic level. Additional funding will be available up to £1.000m. It is envisaged that Departments will submit bids for this funding.
- **Operating Model - £0.210m** – This is the additional estimated cost arising from the decision to review the Council's leadership model during 2021.
- **Street Lighting Energy - £0.415m** - This is the estimated ongoing increase in street lighting energy costs. This amount is to be held in the Contingency Budget until actual costs are known. Additional funding will be available up to this level.

#### **External Debt Charges and Minimum Revenue Provision - £35.784m**

4.7.3 This represents the interest payable on the Council's outstanding debt. The Council has paid off a number of loans, which were used to support the Council's Capital Programme, in recent years and has not undertaken further borrowing. In 2018-19 this provided the opportunity to reduce the ongoing budget by £8.500m, with a further reduction of £1.500m in 2021-22, to reflect the reduction in interest charges.

- 4.7.4 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 reviewed its MRP Policy in 2016-17, in a report to Cabinet on 22 November 2016. It was considered that future savings could be achieved without compromising the future prudent provision made by the Council. In conjunction with the policy being reviewed, the level of the Capital Adjustment Account (CAA) reserve into which the money is set aside has been reviewed.
- 4.7.5 The amount of MRP that has been transferred since 2010-11 to the CAA reserve is in excess of £162.8m, however the actual amount of loan repayments during that time is significantly lower, at £125.3m. With the Council not undertaking any new borrowing within the last twelve years, this indicates that the Council's CAA reserve contains in excess of what is required to ensure the Council can repay its debt. Whilst the Council will continue to set aside a prudent amount of revenue for MRP each year, it will ensure that its future annual provision is appropriate. In light of this, one-off reductions to MRP totalling £25m were planned between 2018-19 and 2021-22, with the base budget profiled to return to its 2017-18 level by 2022-23. In line with the revision to the profile of reductions, approved at Cabinet on 21 November 2019, the MRP base budget will increase by £7.0m in 2022-23. The Council will however continue to review its MRP policy annually to ensure in future years that adequate/prudent provisions are still being made.
- 4.7.6 Given the significant cuts to public expenditure and in particular to 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. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Council is able to reduce net borrowing costs and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. The Council will monitor this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2022-23, with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 4.7.7 In addition, the Council may borrow short-term to cover cash flow shortages where it is advantageous to do so.

### **Risk Management Budget - £nil**

- 4.7.8 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.
- 4.7.9 Given the uncertainties experienced during 2020 and 2021 as a result of Covid-19, it is important, more than ever, to maintain a prudent level of risk management budget to mitigate the risks faced by the Council, details of which are set out later in the report. However, 2022-23 budget pressures mean that the balance on the risk management budget of £10.289m will be depleted during 2022-23, providing support to priority services.

### **Interest Receipts - £4.016m**

- 4.7.10 On 10 March 2020, the Bank of England reduced its base rate of interest from 0.75% to 0.25%, to counter the 'economic shock' resulting from the Covid-19 outbreak. On 19 March 2020, the base rate was further reduced, to 0.1%. The base rate remained at this level until 16 December 2021, when it was increased back to 0.25%, in response to rising inflation. Up to that point there were fears that the recent occurrence of the Omicron variant of Covid-19 could slow the economy and delay a forecast rise in interest rates. The Council's budget assumes that the Council will continue to earn additional income, by utilising a range of risk assessed investment vehicles to increase its income from external investments.
- 4.7.11 In the Council's 2021-22 Revenue Budget, interest receipts were reduced by £2.182m, to £4.016m, reflecting the continuing impact of the pandemic on returns. In the Council's Performance and Budget Monitoring/Forecast Outturn 2021-22 as at 30 September 2021, 2021-22 interest receipts are forecast to be £5.056m, which exceeds budget. However, a projected 2021-22 decrease of £0.952m in dividend income on the Council's investments in pooled funds, compared to 2019-20, is forecast to be supported by the use of DLUHC Covid-19 grant funding. Furthermore, receipts in 2021-22 are continuing to benefit from interest contractually committed before the Covid-19 pandemic and its associated impact on interest rates. The expectation is that interest receipts in 2022-23 will remain under pressure and the continued reduction in budgeted interest receipts, at the 2021-22 level, reflects this.

## 4.8 Service Pressures

- 4.8.1 A number of service pressures have been identified by Departments. Details of Departmental pressures identified for 2022-23 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. A prioritisation session was held in December 2021.
- 4.8.2 Of the ongoing Departmental service pressures of £30.770m, a total of £27.068m will be allocated to Departmental base budgets and a further £3.702m will be held over in Contingency Budgets, pending further information.
- 4.8.3 Overall Ongoing Service Pressures of £29.794m include the above Departmental services pressures of £30.770m, plus an increase in Corporate External Debt Charges pressures of £7.000m and use of the Corporate Risk Management Budget of £7.976m, all referred to in Section 4.7.
- 4.8.4 One-off support of £12.880m will be allocated from reserves for one-off Departmental Service Pressures and a further £2.946m will be held over in reserves as a contingency, pending further information.
- 4.8.5 Overall one-off pressures of £17.207m include the above amounts and a contingency for one-off support for Local Government Pension Scheme employer contributions of £1.381m, which is required because of a difference between forecast pensionable pay when contributions were agreed and actual pensionable pay experience.
- 4.8.6 The base budget is to be balanced by a one-off contribution from reserves of £3.796m. However, actions will take place over the next few months to work to further reduce the base Service Pressure bids, assimilate the results of the Final Local Government Settlement, receive the remaining confirmation of collection fund and taxbase positions and understand further grant stream announcements, as happens every year, that will be made in the next few months. It is expected that this combination of actions will result in the minimisation, at worst, or the removal of the need to support the base budget with reserves.

## 4.9 Budget Savings Targets

- 4.9.1 Target savings by the end of 2026-27 are estimated to be £67m, of which £27m have been identified.

- 4.9.2 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.
- 4.9.3 In many cases the proposals will be subject to consultation and equality analysis processes. In 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 and, where appropriate, by individual Cabinet Members, 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.
- 4.9.4 Details of identified departmental annual budget savings totalling £26.300m over the FYFP are shown at Appendix Seven. Significant budget preparation work has taken place in 2021. This has helped in identifying some additional savings.
- 4.9.5 However, overall, there is now a significant shortfall of identified annual budget savings against the £67.034m budget savings target, over the five years of the FYFP. In headline terms the Council has now identified measures which should help achieve 39% of the budget gap over the period of the FYFP. This is a worse relative position than was reported in the Revenue Budget Report 2021-22, when measures had been identified to meet 53% of the budget gap. Although £2.068m of additional savings have been identified over the four years from 2022-23, referred to above, and additional forecast funding is now forecast over these years, meaning the shortfall over these years has reduced by £14.707m, there is now an expectation that budget pressures will continue into 2026-27, which is the final year of the FYFP, when a further £19.933m of savings are now forecast as being required. This has meant the shortfall has grown over the course of 2021-22 and is now £39.803m, around £5m higher. There is a clear and significant challenge to identify savings to bridge the remaining savings gap and plan the best approach to achieving those savings over the next few years, if additional funding is not received over and above that forecast. Additional funding may come from further increasing Council Tax in 2023-24 onwards, over and above the 2% increases forecast, up to referendum limits, further Government grants over and above those predicted or from increased business rates growth.



4.9.6 The table below summarises the savings originally identified in last year's Revenue Budget Report for 2022-23, changes made since then to arrive at the revised savings identified by department for 2022-23, and the level of achievement of 2022-23 savings for each department planned for 2022-23.

	<b>Original* 2022-23 Savings Identified £m</b>	<b>Changes £m</b>	<b>Revised 2022-23 Savings Identified £m</b>	<b>2022-23 Savings Achievable in 2022-23 £m</b>
<b>Adult Social Care and Health</b>	6.811	-0.931	5.880	5.880
<b>Children's Services</b>	0.046	0.000	0.046	0.046
<b>Place</b>	0.756	0.000	0.756	0.756
<b>Corporate Services and Transformation</b>	0.178	0.266	0.444	0.444
<b>Total</b>	<b>7.791</b>	<b>-0.665</b>	<b>7.126</b>	<b>7.126</b>

\*New 2022-23 savings in last year's Revenue Budget Report, with a reallocation of a Libraries saving of £0.156m from Corporate Services and Transformation (formerly Commissioning, Communities and Policy), to Place, following a portfolio switch.

4.9.7 The £0.931m reduction in Adult Social Care and Health savings identified remain allocated to the Adult Social Care and Health budget for 2022-23 and alternative savings will need to be brought forward.

4.9.8 The savings proposals continue to mark a change from principles adopted for a number of years until 2020-21, with significant protection again for the Children's Services budget, as in 2021-22.

#### **4.10 Statutory Requirements of the Local Government Act 2003**

4.10.1 There is a duty placed on the Executive Director, Corporate Services and Transformation, 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).

4.10.2 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.

### **Estimation Processes**

4.10.3 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. This was evidenced in a budget prioritisation exercise held during a full day Corporate Management Team Budget Session in December 2021. 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.

### **Financial Resilience**

4.10.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) has developed its Financial Resilience Index, which is a comparative analytical tool to support good financial management, providing a common understanding within a council of its financial position. The index illustrates a range of measures associated with financial risk, including reserves balances and social care spend as a proportion of the Council's overall budget. Whilst the pandemic has resulted in a delay to the publication of the index, it is still able to provide a comprehensive pre-Covid-19 baseline, illustrating the financial resilience of authorities as they entered the pandemic. The most recent analysis shows that the Council has a history of managing and maintaining its reserves balances efficiently. Overall, the Council performs in the median range when compared to other County Councils, demonstrating a well-balanced approach to financial management against a backdrop of significant demand pressures and Government funding cuts. When the Financial Resilience Index is next published, the Council's relative performance is not expected to show a marked change to that published previously.

## Financial Management Code

4.10.5 CIPFA has also designed the Financial Management Code (FM Code), to support good financial management, as well as demonstrating a local authority's financial sustainability, giving assurance that authorities are managing resources effectively. 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.

4.10.6 The FM Code builds on elements of other CIPFA codes, such as The Prudential Code for Capital Finance, the Treasury Management in the Public Sector Code of Practice and the Code of Practice on Local Authority Accounting in the United Kingdom. By following its essential aspects, the Council will be providing evidence to show they are meeting important legislative requirements.

4.10.7 The Code is based on a series of principles supported by specific standards and statements which are considered necessary to managing finances over both the short and medium term, managing financial resilience to meet foreseen demands on services and to manage unexpected shocks in its financial circumstances.

4.10.8 Compliance is required in 2021-22. To demonstrate conformity with the FM Code's standards, a document evidencing the applicable parts of the Council's Constitution, Financial Regulations, reports and policies has been compiled. From work on this document to date it is evident that the Council already has a strong level of compliance with many aspects of the FM Code relevant to budget setting, including:

- Risk arrangements.
- The Chief Financial Officer's role within the Council.
- Budget and treasury management and strategy.
- Budget setting.
- Auditor Value for Money opinion.
- Capital strategy.
- Stakeholder engagement.
- Using reports to identify and correct emerging risks to the Council's financial sustainability.

4.10.9 A report was presented to Audit Committee in September 2021 which provided an update on the progress made to date in addressing the principles of the Code.

4.10.10 A financial resilience assessment is also required. In producing the assessment, the sensitivity of financial sustainability to alternative plausible scenarios for the key drivers of costs, service demands, and resources will be considered. This requires an analysis of future demand for key services and consideration of alternative options for matching demand to resources. Ongoing work demonstrates this assessment. It is again planned to complete this work following the setting of the Revenue Budget and ahead of closing the accounts. A short document will be produced, to support External Audit in arriving at their Value for Money opinion.

### **Spending Review 2021**

4.10.11 The Government's commitment to support additional social care funding is welcome. 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.

4.10.12 There is uncertainty around the variables used as part of the budget-setting process for 2022-23, exacerbated by the Covid-19 pandemic. There have been significant financial pressures as a result of the pandemic. However, planning has been based on what is known at this time. Whilst the Spending Review has provided some stability for the next three years, 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 uncertainty and without knowing what the individual funding allocations are likely to be beyond 2022-23 there is uncertainty as to what this means for the need for further austerity measures.

4.10.13 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 2022-23. This does not mean that the setting of the 2022-23 revenue budget comes without risks which need to be properly identified and understood. The Council's Revenue Budget assumptions are predicated on making a 1% ASC Precept increase and a 2% general Council Tax increase, meaning a 3% Council Tax rise for residents, which is lower than the permitted 5%, including the remaining 2% ASC Precept increase from 2021-22, available to the Council in 2022-23. When the Council Tax increase of 2.5% was set for 2021-22, it was noted that the Council's service pressures would be more manageable if the ASC Council Tax rise is taken in full over the two years 2021-22 and 2022-23, to minimise cost pressures in 2022-23. Setting a low Council Tax increase again means that some difficult choices will be necessary in respect of 2022-23 priorities, as well as placing greater reliance on one-off funding to manage risks and service pressures.

## Pressures

4.10.14 There is a significant commitment in the Council's 2022-23 revenue budget to provide an additional £44.5m of ongoing funding and £15.8m to further support the Council's Departmental service pressures:

- £27.1m of ongoing pressures allocated directly to Departments;
- £3.7m of ongoing budget to a Children's Services contingency until costs are known;
- £12.3m of inflation on independent care fees;
- £0.4m of inflation on street lighting energy;
- £1.0m of inflation on further energy and food price increases;
- £12.9m of reserves for one-off Departmental pressures; and
- £2.9m of reserves to a one-off Children's Services contingency until costs are known.

4.10.15 This commitment includes approximately £12m of ongoing budget growth for children's social care, with a further £4m held as a contingency for this purpose, until costs are known. The Children's Services budget has been under significant financial pressure for several years, despite significant additional ongoing budget increases and one-off funding, in particular aimed at meeting increases in the costs associated with rising numbers of looked after children. However, the fact remains that numbers are still rising, and predictive models currently used indicate a high degree of volatility in those numbers.

- 4.10.16 If current trends continue and the Government fails to provide adequate funding to support this, there will be further pressure on budgets in 2023-24 and in later years. The ability to estimate the value of these pressures or minimise demand is a challenge for the Council but needs clarity over the medium term.
- 4.10.17 This level of funding is considered to be affordable but with associated risks. In addition to the pressures recognised in the report for funding in 2022-23 there were a significant level of other pressure bids submitted by Departments which were not recommended for additional funding and are not covered by contingency funding in the 2022-23 revenue budget. In many cases this reflects uncertainty as to whether these pressures will either arise at all or to the level first indicated by departments. Consideration was given whether to include a further general contingency pressure, but this has not been possible, based on available funding. If these pressures do occur, the funding would initially come from the Council's General Reserve in 2022-23 but thereafter any such ongoing pressures must be met from additional savings that would need to be allocated to Departments on top of those forecast.
- 4.10.18 The Council has responded to the threat of Climate Change by the issue of a manifesto and the development of measures to address the manifesto's commitments. Funding was made available in the 2020-21 budget to develop a range of measures. Further reports to Cabinet will help set out the steps the Council will take. However, this is an issue that carries a high risk of financial uncertainty over the long term and will require coordinated effort by all public bodies, especially the Government. In the longer term it is hoped that early costs may be offset by future savings in the same way as the Council's successful LED programme for replacement of streetlights has done. Through the implementation of the Derbyshire Climate Change Framework, the Council is working with partners to reduce emissions and achieve a net zero target by 2050. Over the last ten years the Council has cut its emissions from its own estate and operations by 55% and has an ambitious target to achieve net zero carbon emissions by 2032, through the Carbon Reduction Plan. The Council is currently developing a Climate Change Strategy and Action Plan which will set out how emissions will be further reduced in the future.

## Role of Audit Committee

4.10.19 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. In addition to this, Audit Committee received a report in December 2021 on the Production of 2022-23 Revenue Budget. Following presentation of the report, Members of the Audit Committee noted the process towards production of the 2022-23 Revenue Budget, the Revenue Budget Forecast Outturn for 2021-22, the key announcements in the Autumn Budget and SR 2021, relevant to local government, the quantum of Revenue Budget pressure bids received, which cannot all be funded without significant additional budget reductions across all areas, and the actions taken in respect of the shortlisting and agreement of Cost Pressure Bids to support the budget production process.

## Reserves

4.10.20 An important link to the adequacy of reserves is the cash limit policy adopted some years ago. The approved Budget is expressed as cash limits. These should not be exceeded and where services have what are called "demand-led" issues, these are to be resolved in-year within cash limits. Budgets will continue to be subject to regular monitoring and reporting to both budget holders and Members. In recent years any year end overspending has tended to be met from the General Reserve rather than allocated to departments to find in the following year or from within their existing departmental reserves. In 2022-23 the ability to meet such pressures corporately will diminish based on medium term financial forecasts and departments should plan on the basis that they cannot rely on General Reserves to offset year end overspending.

4.10.21 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.

- 4.10.22 The level of General Reserve available over the next few years is largely dependent on the achievement of the annual budget savings target. There are pressures on demand-led services such as the ageing population, Children's Social Care, the NLW and waste disposal which will also have an impact on the balance if departments overspend. The level of the General Reserve is forecast to be between £10m and £39m over the medium term. Taking account of demand led pressures, any overspends in services over and above those currently projected could see the balance fall as low as £5m on the basis of a further £1m of annual overspends in each year of the forecast. Conversely, the Government may provide further funding for social care, which may reduce the call on the General Reserve to the value of £12m. This provides a worst/best case range of between £5m and £51m. 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 1.4% and 3.4%.
- 4.10.23 It is recognised that the forecast General Reserve balance over the medium term is lower than would be preferred. Restorative measures will be utilised over the period of the FYFP to build back up the balance of the General Reserve. There are further options around the funding of planned capital investment projects which could release in excess of £30m of revenue contributions to fund capital expenditure which 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.
- 4.10.24 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.
- 4.10.25 In order to achieve a balanced budget over the medium term, the Council is reliant on the achievement of a programme of budget savings. 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 medium-term plan have since proved to be unachievable and others need to be found to substitute for them.



- 4.10.26 There is still a risk of delay in implementation or indeed an inability to progress a particular saving for a variety of reasons. Delay can be relatively straightforward to quantify and in global terms can be expressed by noting that an average one month's delay across all the savings identified for the coming year would require the use of around an additional £1m of General Reserve; as a one-off cost this is manageable within the context of the resources available. The non-achievement of an indicated saving is less manageable and as a consequence Executive Directors have been made aware of the need to bring forward alternative savings, to at least an equal value, should this scenario occur.
- 4.10.27 The Council has also established a Budget Management Earmarked Reserve which is being used to supplement the use of the General Reserve to manage, where appropriate, any delayed savings to services, as detailed earlier in this report. However, this Earmarked Reserve will be depleted in funding the one-off pressures in the 2022-23 Revenue Budget and measures will need to be considered to replenish it. The Council's Performance Monitoring and Revenue Outturn 2020-21 Report allocated £14.000m from 2020-21 underspends to a newly established Earmarked Reserve as a contingency against potential funding losses during the Covid-19 recovery period.
- 4.10.28 The Council made the strategic decision to fund its capital expenditure in 2018-19 to 2020-21 from additional borrowing, rather than its revenue budget. These revenue contributions are held in an Earmarked Reserve (the Revenue Contributions to Capital Expenditure 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 2020-21 and 2021-22 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 2022-23. Further contributions to this Earmarked Reserve, in the region of £2m, should be possible in 2022-23.
- 4.10.29 Whilst the Council maintains an adequate level of General Reserve, failure to achieve the required level of budget savings, in order to balance the budget, would see the balance of the General Reserve significantly 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. The table below illustrates the reasonable, pessimistic forecast of General Reserve balances over the medium term.

2022-23	2023-24	2024-25	2025-26	2026-27
£m	£m	£m	£m	£m
21.272	14.622	13.572	11.022	9.522

4.10.30 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.

4.10.31 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

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

4.10.33 Given the significant uncertainty regarding Covid-19, the continuing period following EU Exit and local government devolution, together with the wide range of risks outlined below, it is vital that in setting the budget for 2022-23, consideration is also given to the financial years beyond it and the longer-term financial sustainability of the Council.

4.10.34 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 will still require significant savings to be found by departments. The demand pressure work for both Adult's and Children's Services have the potential to realise significant savings, but it should be noted that it will be some years before they are fully achieved. The pandemic has slowed down the Council's savings programme and Departments will again be playing 'catch-up' in the next financial year whilst battling with delivering substantial savings proposals identified for 2022-23 and preparing for more substantial savings required from 1 April 2023 onwards. These savings can be 'soft landed' to a limited extent, in the short-term, but this means the Council has to make potentially significant calls on reserves to do so, which will reduce flexibility later in the FYFP period.

4.10.35 Over recent years the Government has expected councils to rely more and more on Council Tax and localised Business Rates to fund services. Core spending power for local authorities is estimated to increase by an average of 3% in real terms each year over the SR 2021 period, including investment in Adult Social Care reform. However, this increase is partly due to the ability of social care authorities to increase their Council Tax bills by up to 5%, depending on their increase in 2021-22.

4.10.36 The additional social care and service grant funding announced in SR2021 is welcome and helps to partly support the pressures on the Council's vital services, however, all services will have to find further savings to already stretched budgets.

4.10.37 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.

4.10.38 Council Tax rises on households, many of which will be struggling as they cope with unemployment and an uncertain future, 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 has not transpired. Collection rates are back to around the level they were pre-pandemic.

#### **4.11 Five Year Financial Plan**

4.11.1 The Council's FYFP is reviewed and updated at least annually. It was updated and reported to Council in February 2021. The FYFP has been updated and this serves to inform the annual budget setting process. A copy of the FYFP is shown at Appendix Seven.

4.11.2 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. Any delays in implementation result in departmental overspends under normal circumstances, which result in reserves being used to cover the shortfall. Various scenarios for reserves have been modelled and the pessimistic General Reserve forecast results in a balance which is just 1.4% of forecast FYFP spending in 2026-27. Other earmarked reserves available for budget management are also forecast to reduce. The General Reserve needs to be preserved across the medium term to maintain financial sustainability, preserve the ability to soft land budget cuts and provide funding for Covid-19 recovery.
- **Service Pressures** – there is a commitment to support budget growth where necessary, and in particular within children’s social care. However, if current trends continue regarding placements and there is inadequate funding to support this, there will be further pressure on budgets in later years. However, there is analysis underway to consider how to mitigate demand pressures on the number of looked after children, 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.
- **Pay** – the FYFP assumes that the Council’s bottom pay-point reaches £10.69 an hour by 2024-25, which is based on the Government’s NLW target to reach two thirds of median earnings by 2024. However, this wage is not calculated according to what employees and their families need to live, instead taking into account what is affordable for organisations. Under current Living Wage Foundation ‘Real Living Wage’ forecasts this would mean a rise to £10.50 per hour by 2024. In line with this forecast it is the Council’s ambition that the Council’s bottom pay-point will be £10.50 an hour by 2024. However, this pay ambition is not currently affordable within the constraints of the Council’s funding.

The Council would welcome Government support for local authorities in the 2022-23 Settlement, or if that is not possible, in future settlements, to address the serious issue of increasing pay award pressures in a period of rising inflation. Additional funding would assist the Council in its recruitment and retention of staff, which is becoming increasingly difficult at this key time for local authorities, when services are competing with rising demand and the impacts of the Covid-19 pandemic, as well as capacity issues across the sector.

- **Economic Climate** – the Covid-19 pandemic has resulted in a significant economic shock, from which the economy has partly bounced back, but it has taken some time to recover Gross Domestic Product to pre-pandemic levels. Rising inflation means there is the potential for reductions in the Council’s income for discretionary services.
- **Spending Reviews** – the Government has issued single year spending reviews for the last three financial years. Despite the signals, 2022-23 will be the fourth continuous single-year settlement. 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 may result in further austerity measures in future years, as savings are required to repay the debt incurred by Government.
- **Fair Funding and Business Rates Reviews** – the reviews have been delayed for a number of years and the planned implementation for April 2021 was again postponed. A transparent, fair funding system is required, which reflects need and ability to fund services locally. The FYFP is predicated on the basis that mainstream funding continues as it is now.
- **Public Health Grant** – the Council’s allocation for 2022-23 is expected to be announced in January 2022 and will most likely rise with inflation, however, this is still to be confirmed. The Government has also not yet confirmed whether the ring-fence and grant conditions will remain in place, but it is expected that they will, until at least 31 March 2023. 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, levelling up communities and addressing health inequalities exposed by Covid-19.
- **Devolution** – the expected Devolution White Paper is considered likely to be replaced by the Levelling Up White Paper, but this has yet to be published. It was expected in December 2021.
- **Brexit** – whilst a deal has been agreed and implemented between the UK and the EU, there remains elements of uncertainty as to how the agreement will work in practice over the medium to long term.
- **Covid-19 Financial Pressures** – no additional Covid-19 funding has been announced in the Provisional Settlement, although Government might review this, now the more infectious Omicron variant of concern has become dominant and new wave cases have dramatically increased. However, cases may have peaked in some areas and hospitalisations are much lower than the levels this time last year.

Covid-19 pressures for the Council have intensified, with rising costs, underlining the urgency for Government to extend outbreak funding for councils beyond March 2022. The Council would also welcome confirmation that previously issued Covid-19 funding will not be clawed back, given the uncertainty around new variants and the potential for further restrictions. This would give some certainty and allow the Council to plan accordingly.

4.11.3 Further significant risks are illustrated below.

### Local Taxation

4.11.4 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 the Government's commitment to conducting a fundamental review of Business Rates as a tax, engaging with businesses and local authorities 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.

### **Service Pressures**

4.11.5 The increasing importance of the identification of the nature and size of future budget pressures will require changes to the horizon scanning currently undertaken by departments, in order to reduce risks inherent in formulating and planning to meet pressures in the FYFP. The Council is working towards agreed methodologies for quantifying the cost implications of the areas of large and consistent budget pressure bids and ensuring these are adequately reflected in risk registers, alongside suitable mitigations, but there is still more work required in this area.

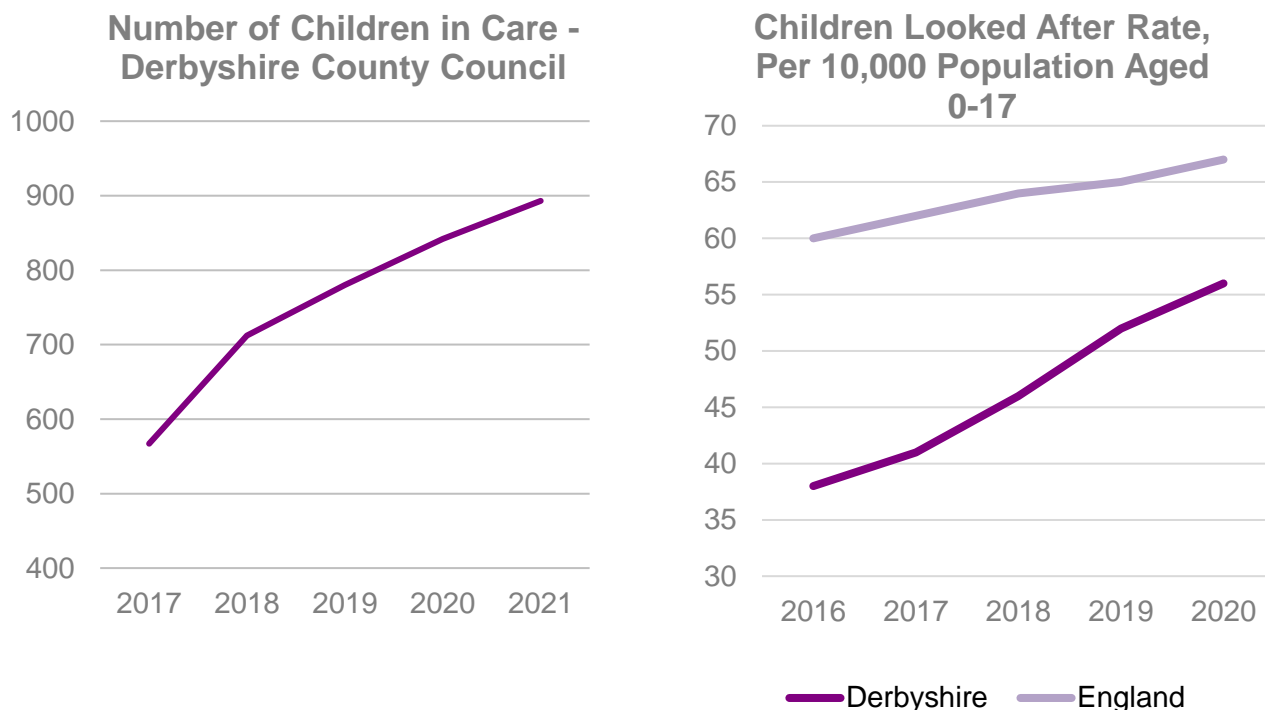
4.11.6 All other budgetary pressures will need to be contained within departmental budgets. As stated in the Revenue Budget Report 2021-22, where departments overspend from 2021-22 onwards, the Council’s policy of ensuring that the departmental overspend is met from that department’s budget in the following year will be expected after several years of meeting these costs corporately from the General Reserve.

4.11.7 The Council’s significant budget pressures are considered further below:

#### **Children’s Social Care**

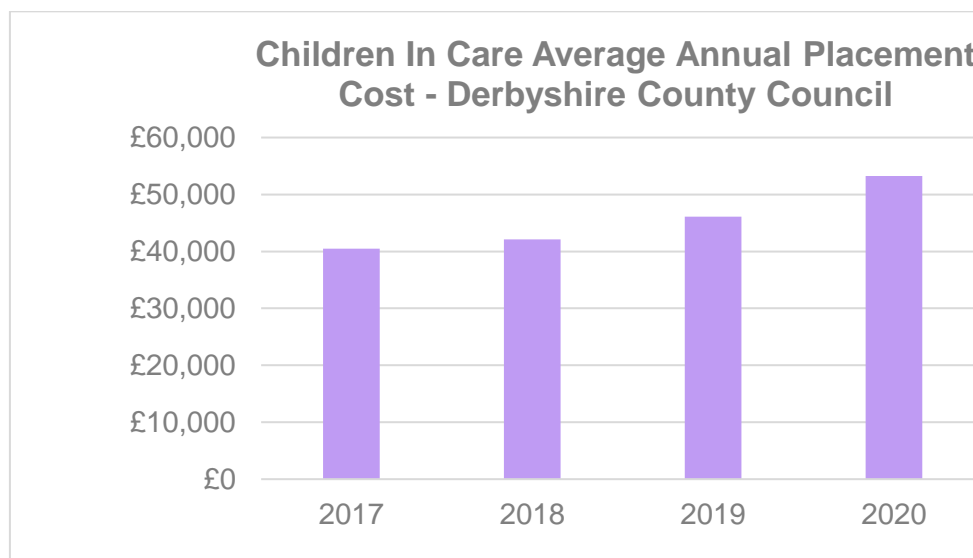
- As an upper tier authority, the Council is responsible for providing children’s social care services. Those services include child protection and safeguarding, care for looked after children and aftercare, support for vulnerable children and their families.

- 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 2021 there were 921 children in the care of the Council, a 30% increase on the number four years ago.
- The costs of caring for looked after children have also been rising.
- Emerging findings from a study into 'The Future of Children's Social Care' services, published in November 2021 by The County Councils Network (CCN) and Newton, found that the number of children in residential care across England has increased by 27% since 2015, largely due to councils struggling to source suitable alternatives, such as foster carers, and children staying in the care system for longer.
- Residential care is the most expensive form of care and average costs per week have been rising significantly. The study found that average residential placement costs falling to local authorities in England have increased by 43% over the five-year period to April 2020.





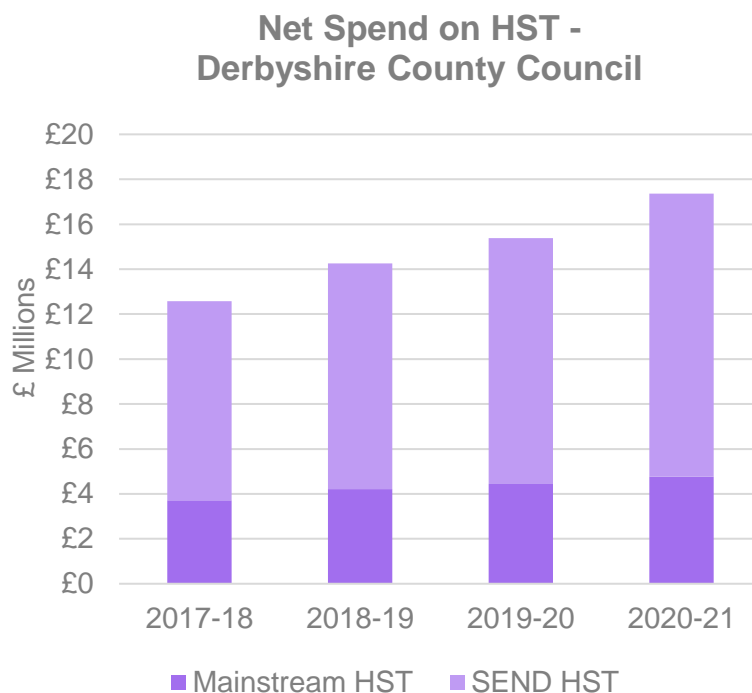
- These nationwide pressures are being reflected in Derbyshire.
- These pressures are expected to continue to grow for the foreseeable future. The Council, along with many other local authorities in the country, continue to express concern regarding substantial increases in the cost of children's social 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 at 31 March 2022 is expected to be at least £5.5m and will need to be recovered from future DSG income. The main pressures for the Council, as with most local authorities, continues to be in respect of High Needs Block budgets. The December 2021 DSG announcement provided for an increase in High Needs funding of £11.638m (13.1%), however it is likely that further demand pressures may still result in spend exceeding income in 2022-23.
- 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 number 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).



- Net costs have risen by 38% in the last four years and this trend is expected to continue.

### 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 £3m in relation to adult services, with a further £2m for children transitioning to adulthood. These additional costs of £5-6m each year are predicted to continue for at least the next five years.

- Over the last few years, the NLW has increased annually by between 2% and 7%. For 2022-23, the increase is 6.6%. This directly impacts on the fees the Council pays to the independent sector. If this level of increase is to continue it will cost the Council up to an additional £15m each year for at least the next five years.

## Waste

- 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 the Retail Price. There are also statutory increases of 3% in the cost per tonne of recycling credits.
- The Council and Derby City Council remain 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. The facility, which was due to open in 2017, was being built on the councils' behalf by Resource Recovery Solutions (Derbyshire) Ltd (RRS), which was a partnership between national construction firm Interserve, which was also building the plant, and waste management company Renewi plc. However, the contract with RRS was terminated on 2 August 2019, following the issuing of a legal notice by the banks funding the project.
- A new contract has been put in place by the councils to make sure waste that residents cannot recycle or choose not to recycle continues to be dealt with and that recycling centres and waste transfer stations continue to operate. These services will continue to be run by waste management company Renewi UK Services Ltd, under a two-year contract.
- Work had been progressing on the facility to determine its condition and capability, however due to the measures introduced by the UK Government to counter the Covid-19 pandemic, work on site has been affected. This work is also being carried out by Renewi UK Services Ltd and will allow the councils to ascertain what measures need to be in place for the facility to become fully operational. The councils are in negotiations to pay an "estimated fair value" (EFV) for the plant, taking into account all of the costs of rectifying ongoing issues at the plant and the costs of providing the services to meet the agreed contract standards. The councils are trying to complete this within as short a time frame as possible, but the councils are not wholly accountable for the actions needed, as third parties have a direct influence on how long the process may actually take.

- The financial range of the possible EFV for the plant is significant and constitutes a potential strategic risk to the Council. If an agreed EFV cannot be reached through negotiation, formal dispute resolution and litigation processes would have to be commenced by RRS, and an EFV would be settled through legal processes and ultimately the Courts. At the time of publication of this Council Report, an agreed EFV has not been reached. In the event of either a negotiated position, or a Court decision, the payment required from the Council may be for a material amount, which is an amount which is of relative significance or importance in the context of the Council's financial statements as a whole.

### **Climate Change**

- Climate Change is an issue that carries a high risk of financial uncertainty over the long term and will require coordinated effort by all public bodies, especially the Government. In the longer term it is hoped that early costs may be offset by future savings in the same way as the Council's successful LED programme for replacement of streetlights has done.

### **Budget Savings**

4.11.8 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 to offset them. Further savings need to be identified in detail over the medium term and in order to aid planning. This is particularly necessary given the increased savings gap.

### **Council Plan Priorities**

4.11.9 Council Plan priorities have been considered within the context of budget restraint. This was evidenced in a budget prioritisation exercise held during a full day Corporate Management Team Budget Session in December 2021, when competing service pressures were ranked against a number of measures, including whether they met the Council objectives of Resilient, Healthy and Safe Communities; High Performing, Value for Money and Resident Focused Services; Effective Early Help for Individuals and Communities and A Prosperous and Green Derbyshire. The other measures were, 'how likely is it to happen?', 'is it statutory?', 'is it a priority in the Council Plan?', 'is it an invest to save/grow?' and 'can it be deferred into future years?'. The output of this exercise helped to inform the final decisions made in terms of which service pressures to support.

## Summary

4.11.10 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 4.11.18 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.

4.11.11 The Council has a well-established and robust corporate governance framework. This includes the statutory elements like the post of Monitoring Officer, S151 Officer and Head of Paid Service, in addition to the current political arrangements. 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 purposes and help provide reasonable assurance of their effectiveness.

4.11.12 The Council's Annual Governance Statement process has not identified any material issues that may significantly impact on the Council's Financial Resilience, except for the impact of Covid-19 on financial sustainability, which has been considered. The Council is working with the Local Resilience Forum and a range of partners locally and regionally on a Covid-19 recovery programme.

4.11.13 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.

4.11.14 Against this backdrop it is considered unlikely that a local authority would be 'allowed to fail', with the likelihood being that when faced with such a scenario, that Government would intervene, supported by organisations such as the Local Government Association, to bring about the required improvements or maintain service delivery.

4.11.15 However, given the severity of the Covid-19 pandemic on the country's finances, it would be complacent to rely on Government intervention. DLUHC has conceded that authorities could still be left with unmanageable pressures and may continue to be concerned about their future financial position, urging any authority that found itself in that position to contact the department with immediate effect.

4.11.16 The Council has deployable resources and assets at its disposal in the short to medium term. The greatest risk to its financial sustainability in the longer term is from not achieving substantial budget savings, demand pressures on looked after children, the effect of demographic growth on Adult Social Care costs and concern over inflation. The Covid-19 pandemic has delivered a significant economic shock. In October 2021 annual UK Consumer Price Inflation (CPI) reached 4.2%, largely due to surging demand and supply chain problems. However, labour market data shows that in the three months to September 2021 the unemployment rate fell to 4.3%. Growth in average regular pay was 4.9% over the period July to September 2021. The robust growth figures are partially due to measurement against a low base, following on from a decline in average pay in Spring 2020 associated with the furlough scheme. Furthermore, the Spending Review 2021 indicates that there will be support for local government over the next three years, with some level of certainty being given.

4.11.17 There remains a risk to its financial sustainability in the longer term from costs associated with Covid-19 and of not achieving substantial budget savings.

4.11.18 In Local Government, the Chief Finance Officer, also known as the Section 151 Officer (S151 Officer), has the power to issue a Section 114 notice (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 contract 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.

4.11.19 Three councils have issued S114 notices in the last three years - Northamptonshire in 2018, Croydon in late 2020, and Slough in July 2021. In October 2021 DLUHC published its response to the Select Committee's report on Financial Sustainability and the S114 Regime. The value of local government and the vital role the sector plays in delivering key public services is recognised, as well as the challenges the sector is currently facing. DLUHC states that it will work to provide a sustainable financial footing, enabling delivery of vital frontline services and supporting other government priorities. In taking stock to determine any future reforms it will consider the impact of the pandemic on local authority resources and service pressures. The report includes responses to thirteen recommendations on social care, funding, Covid-19, local authority commercial investment and audit and control. These matters, along with information on an assessment of the Council's position, were reported to the Council's Audit Committee in December 2021. Despite the current financial pressures there is no intention at this time for the Council's S151 Officer to issue a S114 notice.

- 4.11.20 Additionally, a report of the assessment of the Council's Director of Finance & ICT (now Executive Director, Corporate Services and Transformation), as S151 Officer, of the Council's status as a 'going concern' for the purpose of producing its Statement of Accounts for 2020-21, was reported to the same meeting.
- 4.11.21 It is unclear how much further Government support will be provided to cover the costs resulting from the pandemic; these costs are expected to be well in excess of the support already provided. Although the immediate impact of losses on the Council Tax and Business Rates collection funds has been eased, by allowing these costs to be spread over three years instead of one, the Government's has only committed to reimburse councils for some of these losses. It is also apparent that Government will only provide compensation for some of the Council's lost income from fees and charges. Consideration will be required as to how the Council can react to replace these income streams if they fail to recover to pre-Covid-19 levels.
- 4.11.22 Despite these risks, the Council has sufficient reserves it can deploy to meet the anticipated funding shortfall, should it be required to do so. If it were to use its reserves for this purpose, however, this would significantly impact on the funding of the Council's planned improvements, delay some savings plans and 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. 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.
- 4.11.23 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.
- 4.11.24 It is clear that it is vital that budget savings are delivered according to realistic plans and that tough decisions are taken to balance the budget.



4.11.25 Having regard to the Council's arrangements and the factors as highlighted in this report, the Executive Director, Corporate Services and Transformation, as S151 Officer, concludes that Derbyshire County Council can set a balanced budget for 2022-23 and across the period of the FYFP and that it remains a going concern, although it will continue to require difficult decisions to be made and strong, robust financial management.

## **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. However, recently as part of the significant budget savings required, the Council has enhanced the value of the consultation exercises by using alternative approaches.
- 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.

## **6 Alternative Options Considered**

- 6.1 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 Decide that 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, requiring the S151 Officer to issue a S114 notice – Having regard to the Council's arrangements and the factors as highlighted in this report, the Executive Director, Corporate Services and Transformation, as S151 Officer, has concluded that the Council can set a balanced budget for 2022-23 and across the period of the FYFP and that it remains a going concern, although it will continue to require difficult decisions to be made and strong, robust financial management.
- 6.3 Present alternative budget proposals to achieve a balanced budget - Other options, which would still allow a balanced budget to be set, are available as alternatives to the budget proposals presented. These are the options that have been considered but are not recommended for the following reasons:

- Increasing 2022-23 Council Tax at the maximum permitted 5%, exercising the Council's option of levying the remaining 2% ASC Precept from 2021-22, in addition to the increases permitted by the 2022-23 Referendum Principles.

This option has been considered because:

- In 2021-22 the Council has the lowest mean average Council Tax paid per household amongst the fourteen shire county councils who provide the same services.
- A 5% increase would lock into the Council's base budget additional ongoing funding of around £7m each year, over and above the proposed 3% total increase.
- It would further recognise and contribute to the Adult Social Care pressures the Council is experiencing, in conjunction with the significant increase in general budget pressures.

This option is not recommended, in order to protect Derbyshire residents from an additional Council Tax increase, in a year when they will already be experiencing significant increases in National Insurance taxation and other household bills, such as for energy and food. By not taking this option it will save Derbyshire households over £28m over the medium term.

The proposed Council Tax increase of 3% strikes a balance between the Council's need for additional funding to meet increasing Service Pressures and giving due consideration to the current inflationary pressures faced by Derbyshire residents.

- Providing Departments with full funding for initially identified ongoing services pressures.

This option has been considered because:

- Departments' Senior Management Teams have already invested significant effort in addressing forecast Service Pressures before commencement of the 2022-23 budget setting process and during it, in particular through a number of cost reduction initiatives which are underway in Children's Services. Although these are being used to mitigate overspends and reduce the need for budget growth across the period of the FYFP, there is still identified increasing demand for additional funding to provide vital Council services.

This option is not recommended, as the allocation of this additional funding would mean that Departments would have to find further 2022-23 savings equal to this increased funding because the amount of overall external funding does not change as a result of following this option. Departments would be allocated an additional target saving effectively split pro-rata based on departmental net budgets.

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, in particular from the Adult Social Care and Health Better Lives programme. A significant funding gap remains in the FYFP, where no savings proposals have been brought forward. Departments are already experiencing some difficulty in bringing forward further savings proposals for due consideration, and the Covid-19 pandemic is impacting on this and the delivery of earlier identified and approved Departmental savings. It is a requirement for Departments to deliver the savings previously identified for the next financial year and this will be a challenge without any further allocations.

Given this situation, it is considered to be better financial management practice for the total amount of Service Pressures awarded to reflect the extent of additional funding forecast to be available within the confines of sound medium term financial planning. In view of this, the Council's Corporate Management Team has invested significant cross-Departmental time and effort to review and reduce Service Pressures. Departments have worked together to assess and revise Service Pressures bids, thoroughly considering risk, service priorities and need.

At this stage it is also unknown to what, if any, extent additional Covid-19 funding will be provided by Government to meet those Departmental Service Pressures which are particularly being impacted by the pandemic. Any such additional specific funding received will be allocated to the Departments concerned and any such additional general funding will be reviewed in-year and allocated to Departments, on the basis of need. This will be reported on in the usual way, in the Budget Monitoring and Forecast Outturn 2022-23 reports, to Audit Committee, Cabinet and Council.

Furthermore, it is possible that forecast Locally Retained Business Rates income is higher than assumed. The final position will not be known until 31 January 2022. This could lead to additional one-off funding being received, which would lessen the impact on reserves of any Departmental overspends in 2022-23.

- Alternative allocation of 2022-23 budget savings - Departments would be allocated a target saving effectively split pro-rata based on departmental net budgets. This is the method of allocating budget savings used by the Council up to 2020-21. This option for allocating 2022-23 budget savings is not recommended because in view of the severe pressures being experienced by Children's Services, it is considered to be good financial management to continue the practice of affording significant protection for the Children's Services budget, as in 2021-22.

## **7 Implications**

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

## **8 Background Papers**

- 8.1 Autumn Budget and Spending Review 2021.
- 8.2 Provisional Local Government Finance Settlement 2022-23 – Department for Levelling Up, Housing and Communities.
- 8.3 Initial budget Equality Impact Assessment.
- 8.4 Papers held electronically by Financial Strategy Section, Financial Management & Strategy, Finance & ICT Division, County Hall.

## **9 Appendices**

- 9.1 Appendix One – Implications.
- 9.2 Appendix Two – Revenue Budget 2022-23.
- 9.3 Appendix Three – Response to Provisional Local Government Finance Settlement 2022-23.
- 9.4 Appendix Four – Council Tax 2022-23.
- 9.5 Appendix Five – Service Pressures 2022-23.
- 9.6 Appendix Six – Budget Savings Proposals 2022-23 to 2026-27.
- 9.7 Appendix Seven – Five Year Financial Plan 2022-23 to 2026-27.
- 9.8 Appendix Eight – Equality Impact Analysis Revenue Budget 2022-23.

## 10 Recommendations

That Cabinet recommends to Council that it:

- 10.1 Notes the details of the Autumn Budget, Spending Review 2021 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 2022-23 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 Executive Director, Corporate Services and Transformation, 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 level and allocation of budget savings as outlined in section 4.9 and Appendix Six.
- 10.8 Notes the comments of the Executive Director, Corporate Services and Transformation, as S151 Officer, about the robustness of the estimates and adequacy of the reserves as outlined in section 4.10.
- 10.9 Notes the details of the Council's consultation activity as outlined in section 5.
- 10.10 Approves the Council Tax requirement of £369.688m which is calculated as follows:

10.11

	£
<b>Budget Before Pressures and Budget Reductions</b>	<b>579,512,755</b>
Plus Service Pressures – on-going	27,214,156
Plus Adult Social Care Precept	3,555,844
Plus Service Pressures - one-off	17,207,000
Less Budget Reductions	-8,057,000
Increase in Debt Charges	7,000,000
Decrease in Risk Management Budget	-7,975,684
<b>Net Budget Requirement</b>	<b>618,457,071</b>
Less Top-Up	-94,891,733
Less Business Rates	-15,875,000
Less Revenue Support Grant	-14,231,306
Less New Homes Bonus	-1,868,167
Less General Grant	-90,396,308
Less PFI Grant	-10,503,833
Less Use of Earmarked Reserves	-21,003,051
<b>Balance to be met from Council Tax</b>	<b>369,687,673</b>

10.12 Approves the use of the Revenue Contributions to Capital Expenditure Earmarked Reserve to provide one-off support to the 2022-23 Revenue Budget.

10.13 Authorises the Executive Director, Corporate Services and Transformation, as S151 Officer, to allocate cash limits amongst Cabinet portfolios; Executive Directors will then report to Cabinet on the revised Service Plans for 2022-23.

## 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 Covid-19 pandemic has increased the financial uncertainty for all local authorities. 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 arising from the pandemic.

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

12.1 No

**Report Author:**  
Eleanor Scriven

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

**This report has been approved by the following officers:**

<p><b>On behalf of:</b></p> <p>Managing Director Executive Director, Corporate Services and Transformation (S151 Officer) Director of Legal Services and Monitoring Officer</p>	
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## 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 2022-23 budget are relevant in this respect. Members are invited to have regard to the legal implications contained in the Budget Consultation Results Report for 2022-23.
- 2.3 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).
- 2.4 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 job losses involved will not become clear until the necessary consultations are concluded, and final decisions are made on individual savings proposals. It is, however, evident that given the level of budget savings identified the scale of workforce re-alignment will be significant. The Council will seek to mitigate the impact of the proposed budget reductions on the Council's workforce through the use of measures such as vacancy control, redeployment, voluntary release, etc. and the further development of an internal jobs market.
- 3.2 The Council has a statutory responsibility to consult with the relevant trade unions when potential redundancy situations arise. At future meetings Cabinet will be asked to approve such consultation, where necessary, as well as reviewing the application of the appropriate HR measures to mitigate the effect of the budget reductions.

## **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 2022-23. 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 Covid-19 pandemic has increased the financial uncertainty for all local authorities. 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 arising from the pandemic.

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

- 7.1 None

## REVENUE BUDGET 2022-23

SERVICE	Adjusted	Funding	Base	Pay and	Base Plus	Ongoing	Adult Social	Budget	Base Budget	One off	Budget
	Base		after Funding	Price							
	£	£	£	£	£	£		£	£	£	£
<b>Adult Social Care and Health</b>	254,220,390	0	254,220,390	1,318	254,221,708	1,460,156	3,555,844	-6,811,000	252,426,708	0	252,426,708
<b>Children's Services</b>	126,889,398	0	126,889,398	3,259	126,892,657	11,520,000	0	-46,000	138,366,657	3,541,000	141,907,657
<b>Place</b>	74,748,150	0	74,748,150	13,231	74,761,381	2,472,000	0	-756,000	76,477,381	4,303,000	80,780,381
<b>Corporate Services and Transformation</b>	65,424,671	0	65,424,671	28,086	65,452,757	8,060,000	0	-444,000	73,068,757	5,036,000	78,104,757
<b>Service Totals</b>	<b>521,282,609</b>	<b>0</b>	<b>521,282,609</b>	<b>45,894</b>	<b>521,328,503</b>	<b>23,512,156</b>	<b>3,555,844</b>	<b>-8,057,000</b>	<b>540,339,503</b>	<b>12,880,000</b>	<b>553,219,503</b>
Plus Contingency	0	0	0	25,441,000	25,441,000	3,702,000	0	0	29,143,000	4,327,000	33,470,000
Plus External Debt Charges	28,783,568	0	28,783,568	0	28,783,568	7,000,000	0	0	35,783,568	0	35,783,568
Plus Risk Management Budget	10,288,684	0	10,288,684	-2,313,000	7,975,684	-7,975,684	0	0	0	0	0
Less Interest Receipts	-4,016,000	0	-4,016,000	0	-4,016,000	0	0	0	-4,016,000	0	-4,016,000
<b>Net Budget Requirement</b>	<b>556,338,861</b>	<b>0</b>	<b>556,338,861</b>	<b>23,173,894</b>	<b>579,512,755</b>	<b>26,238,472</b>	<b>3,555,844</b>	<b>-8,057,000</b>	<b>601,250,071</b>	<b>17,207,000</b>	<b>618,457,071</b>
<b>FUNDED BY:</b>											
Council Tax	348,821,816	20,865,857	369,687,673	0	369,687,673	0	0	0	369,687,673	0	369,687,673
Top Up	94,891,733	0	94,891,733	0	94,891,733	0	0	0	94,891,733	0	94,891,733
Business Rates	17,679,000	-1,804,000	15,875,000	0	15,875,000	0	0	0	15,875,000	0	15,875,000
Revenue Support Grant	13,813,482	417,824	14,231,306	0	14,231,306	0	0	0	14,231,306	0	14,231,306
New Homes Bonus	1,548,507	319,660	1,868,167	0	1,868,167	0	0	0	1,868,167	0	1,868,167
General Grant	69,080,490	21,315,818	90,396,308	0	90,396,308	0	0	0	90,396,308	0	90,396,308
PFI Grant	10,503,833	0	10,503,833	0	10,503,833	0	0	0	10,503,833	0	10,503,833
Use of Earmarked Reserve	0	0	0	0	0	0	0	0	0	21,003,051	21,003,051
	<b>556,338,861</b>	<b>41,115,159</b>	<b>597,454,020</b>	<b>0</b>	<b>597,454,020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>597,454,020</b>	<b>21,003,051</b>	<b>618,457,071</b>

**RESPONSE TO PROVISIONAL LOCAL GOVERNMENT FINANCE  
SETTLEMENT 2022-23**



**Peter Handford**  
Executive Director  
Corporate Services and  
Transformation  
County Hall  
Matlock  
Derbyshire DE4 3AH

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

Ask for: Eleanor Scriven  
Our ref: ES/SP  
Date: 13 January 2022

Dear Sir/Madam

**Provisional Local Government Finance Settlement 2022-23**

The Council welcomes the opportunity to respond to the Provisional Local Government Finance Settlement 2022-23, details of which were published on the 16 December 2021. The Council's response is set out below.

**Covid-19 Related Costs**

Although no additional funding to support Covid-19 related costs has been provided, the Council welcomes the indication that this will be reviewed early in 2022. With the spread of the Omicron variant, Covid-19 pressures are again intensifying, and costs are rising, underlining the urgency for Government to extend outbreak funding for councils beyond March 2022.

The Council would also welcome confirmation that previously issued Covid-19 funding will not be clawed back, given the uncertainty around new variants and the potential for further restrictions. This would give some certainty and allow the Council to plan accordingly.

## **Fair Funding**

The Council is pleased that Government continues to recognise that the mechanism for allocating mainstream funding to local authorities is in need of revision, to ensure that the costs of providing services, particularly in respect of social care, are accurately reflected in the distribution methodology. The proposed Local Government Finance Settlement for 2022-23 includes around £1.6bn of new funding to be allocated over each year of the Spending Review 2021 period, for social care and other services. This is the largest increase in core local government funding in over a decade.

Councils will have the option to raise more funding for adult social care, where needed, through 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 the 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 burden that could place on some households.

However, even with this additional funding, there remains a substantial unresolved funding gap between the cost of service demand and the resources available. The Local Government Association (LGA) has said that local services will cost at least £8 billion more by 2024, which cannot be funded by Council Tax alone.

## **Social Care Costs**

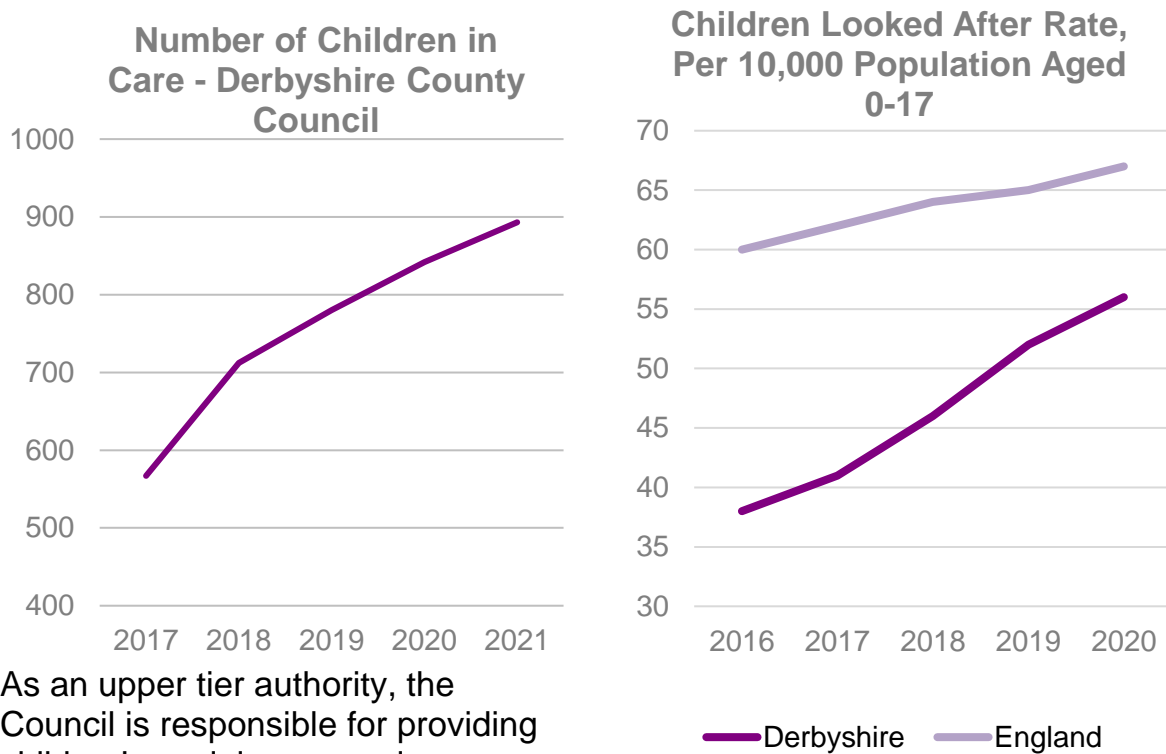
### Adult Social Care

Demographic growth continues to affect adult social care costs. Growth predictions show that the Council is subject to approximate annual increases of £3m in relation to adult services, with a further £2m for children transitioning to adulthood. These additional costs of £5-6m each year are predicted to continue for at least the next five years.

Over the last few years, the National Living Wage has increased annually by between 2% and 7%. For 2022-23 the increase is 6.6%. These increases directly impact on the fees the Council pays to the independent sector. If this level of increase is to continue it could cost the Council up to an additional £15m each year for at least the next five years.

The introduction of the Social Care Levy in April 2022 will be too late for the pressures faced by local authorities now. An urgent cash injection of new funding to tackle the pressures faced by the care system is required. This includes staff pay, to help with recruitment and retention, which has been significantly impacted by the pandemic.

Children's Social Care



As an upper tier authority, the Council is responsible for providing children's social care services.

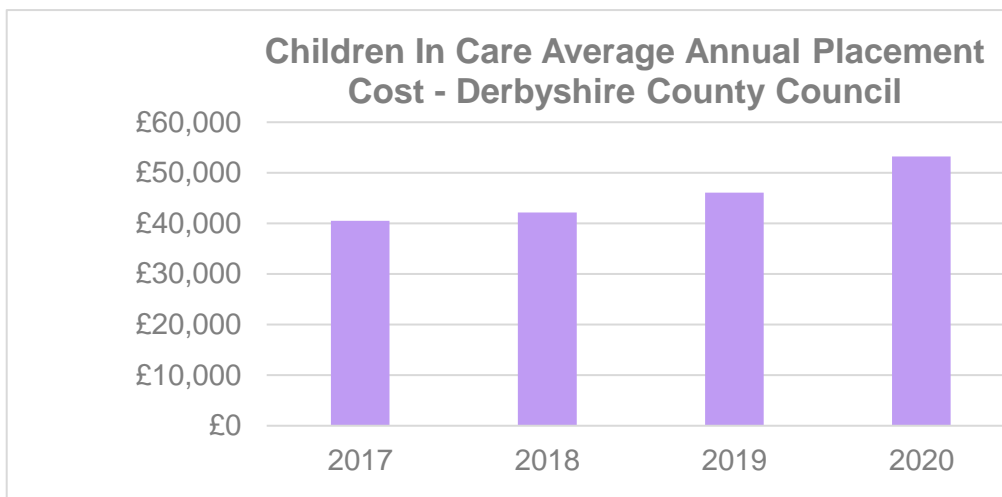
Those services include child protection and safeguarding, care for looked after children and aftercare, support for vulnerable children and their families.

As at 30 November 2021 there were 921 children in the care of the Council, a 30% increase on the number four years ago.

The costs of caring for looked after children have also been rising.

Emerging findings from a study into 'The Future of Children's Social Care' services, published in November 2021 by The County Councils Network (CCN) and Newton Europe, found that the number of children in residential care across England has increased by 27% since 2015, largely due to councils struggling to source suitable alternatives, such as foster carers, and children staying in the care system for longer.

Residential care is the most expensive form of care and average costs per week have been rising significantly. The study found that average residential placement costs falling to local authorities in England have increased by 43% over the five-year period to April 2020.



These nationwide pressures are being reflected in Derbyshire.

These pressures 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

The Comprehensive Spending Review 2015 announced that £1.5bn would be added to the ring-fenced Better Care Fund progressively from 2017-18. This was later increased by £2bn, at the Spring Budget 2017, allocated over a three-year period, reaching £1.8bn in 2019-20 nationally. In 2020-21 the Improved Better Care Fund additionally incorporated £240m of funding allocated as a Winter Pressures Grant in 2019-20, no longer ring-fenced for alleviating NHS winter pressures. For 2021-22, funding was maintained at 2020-21 cash terms levels (£2.1bn). For 2022-23, the 2021-22 allocation has been uplifted by £63m for the change in CPI between September 2020 and September 2021, with the existing distribution formula again unchanged. The £2.35bn Social Care Grant in 2022-23 consists of £636m new funding announced in the Spending Review 2021 and direct continuation of the 2021-22 £1.71bn Social Care Grant.

It is imperative that this level of funding for social care continues over the medium term to support the financial sustainability of social care services. Without this level of funding, services will be at breaking point. 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 advent of Covid-19 has resulted in delays to the programme. Even with the planned level of savings being achieved, there is still rising demand for services. A number of cost reduction initiatives are also underway in respect of children's social care services; however, these are being used to mitigate overspends and reduce the need for budget growth.

Local authorities have risen to the challenge of austerity since 2010, albeit supported in recent years by the Improved Better Care Fund and Social Care Grant, and the Council has stepped up to that challenge with its Enterprising Council approach. The Council continues to review the way it delivers its services, ensuring residents receive value for money in the services which are provided to them. To ensure an effective response to the recovery from Covid-19 requires significant investment in the local infrastructure to strengthen Derbyshire's local economy, coupled with continued and increased financial support to address rising demand for social care services.

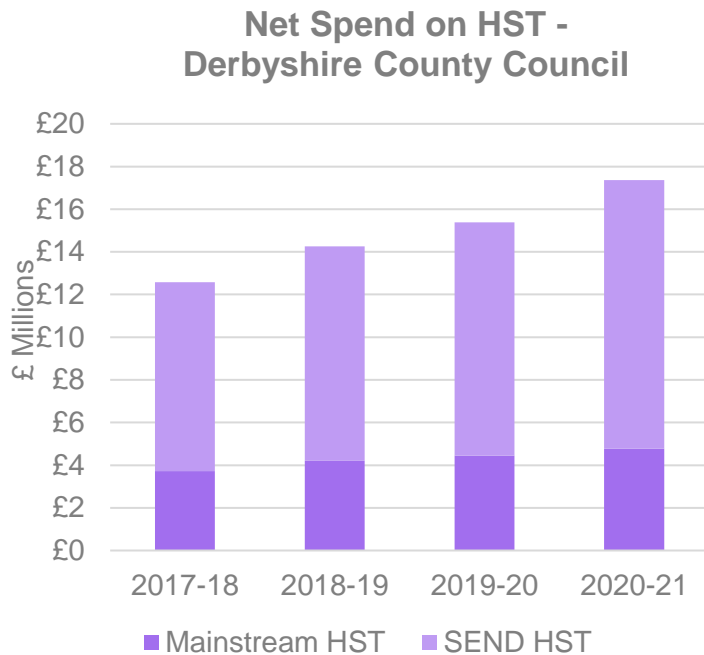
The option of implementing the Adult Social Care Precept has provided local authorities with much needed additional Council Tax income to support the funding of associated services. The Council is committed to keeping low Council Tax increases and whilst the Council recognises that increases in Council 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, 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 Dedicated Schools Grant (DSG), there are some school based pressures which could fall to the Council's General Reserve to fund. The Council's accumulated DSG deficit at 31 March 2022 is expected to be at least £5.5m and will need to be recovered from future DSG income. The main pressures for the Council, as with most local authorities, continues to be in respect of High Needs Block budgets. The December 2021 DSG announcement provided for an increase in High Needs funding of £11.638m (13.1%), however it is likely that further demand pressures may still result in spend exceeding income in 2022-23.

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 number 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).





Net costs have risen by 38% in the last four years and this trend is expected to continue.

### Public Health Grant

It is disappointing that there is no increase in the Public Health Grant, despite the pressures faced by the service since the outbreak of the Covid-19 pandemic. The Public Health Grant has been cut by 24% in real terms per capita since 2015-16. The lack of real terms increases in Public Health Grant funding, despite the incredibly challenging period seen in the last two years, is very disappointing. Extra specific funding helps to address some short-term pressures, but a clear plan is needed for the future which recognises the public health challenges faced.

It is also disappointing that the Public Health Grant allocations have not been published alongside the Provisional Settlement.

### Pay

The Council would welcome Government support for local authorities in the 2022-23 Settlement, or if that is not possible, in future settlements, to address the serious issue of increasing pay award pressures in a period of rising inflation. Additional funding would assist the Council in its recruitment and retention of staff, which is becoming increasingly difficult at this key time for local authorities, when services are competing with rising demand and the impacts of the Covid-19 pandemic, as well as capacity issues across the sector.

## Multi-Year Financial Settlement

The Council would welcome a multi-year financial settlement. A multi-year settlement provides local authorities with some certainty, supporting medium-term financial planning and financial sustainability. The Provisional Settlement provides provisional allocations for one year 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. Meetings with Government representatives during Autumn 2021 indicated that next year would be the first year of a multi-year settlement. However, despite the signals, 2022-23 will be the fourth continuous single-year settlement.

## Conclusion

Government should provide clarity on which local government funding reforms will happen and when. A renewed commitment and timeframe for the implementation of the Fair Funding Review is 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.

While funding reforms make it difficult for Government to set out a multi-year settlement for local government, this is the fourth 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 2022-23, including the rolling in of two New Burdens grants?**

The Council agrees with the proposed methodology as this provides local authorities with the certainty required for 2022-23 in order to facilitate the setting of budgets within the prescribed timeframes.

However, the Council would request that the Government provides local government with the funding certainty required over the medium term at the earliest opportunity. Multi-year settlements are important in determining the long-term sustainability of the services provided by local authorities. Without a multi-year settlement, local authorities may have to make decisions which require reductions in spending and cessation of discretionary services. A multi-year settlement provides for meaningful decisions to be made to support financial sustainability.

Having a multi-year settlement is justified as recovery is now a vital phase in responding to the Covid-19 pandemic. Local authorities along with their partners will be the key drivers of local economic growth. Local authorities need to plan and shape their economic strategies, which is difficult when presented with a one-year settlement.

**Question 2: Do you agree with the proposed package of council tax referendum principles for 2022-23?**

The Council is pleased to see that the Government has again recognised the cost pressures associated with delivering adult social care services, by allowing local authorities with adult social care responsibilities to raise up to an additional 1% to support service pressures, in addition to the ability to add any unused parts of the additional 3% available in 2021-22, and by allocating £636 million of new funding for social care in 2022-23, to a total of £2.35 billion.

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 3: Do you agree with the Government's proposals for the Social Care Grant in 2022-23?**

The Council welcomes the Government's decision to again provide additional funding for social care and to increase that funding. However, the Council would reiterate the point made above in that it fails to address the full cost pressures faced by local authorities and therefore it is imperative that the Fair Funding Review is given priority to address the cost pressures associated with the delivery of social care.

The Council supports the distribution of the Social Care Grant via the existing Adult Social Care Relative Needs Formula.

**Question 4: Do you agree with the Government's proposals for iBCF in 2022-23?**

The Council is pleased to see that the Improved Better Care Fund (iBCF) allocations will carry forward into 2022-23 and be uplifted by an inflationary amount equal to the Consumer Price Index (CPI) from September 2020 to September 2021. However, local authorities will be expecting confirmation of iBCF funding beyond 2022-23, as the decision to cease the funding will have significant consequences on local authority budgets which are already burdened by the rising demand for social care services.

**Question 5: Do you agree with the Government's proposals for distributing the Market Sustainability and Fair Cost of Care Fund in 2022-23?**

Local authorities have been allocated £162m for adult social care reform, through a 'Market Sustainability and Fair Cost of Care Fund'. The Council welcomes Government's proposal to distribute this funding using the existing Adult Social Care Relative Needs Formula. However, the Council shares the concerns of many social care authorities and the LGA in that it strongly believes that the £3.6bn of funding allocated over three years, to implement the fair cost of care reform, the care cost cap and extension of the means test threshold, is insufficient. The LGA estimates that the provider market funding gap alone is £1.5bn, rising to £1.8bn per annum by 2023-24.

Furthermore, engaging and consulting with providers will take time, at a time when services are competing with rising demand and the impacts of the Covid-19 pandemic, as well as capacity issues across the sector.

**Question 6: Do you agree with the Government's proposals for a one-off 2022-23 Services Grant distributed using 2013-14 shares of the Settlement Funding Assessment?**

The Council welcomes the new one-off, un-ringfenced £822m 2022-23 Services Grant to support the delivery of all local authorities' services in 2022-23. This will provide funding to all tiers of local government in recognition of the vital services, including social care, delivered at every level of local government, and include funding for local government costs for the Social Care Reform increase in employer National Insurance Contributions, announced in September 2021.

The Council agrees with Government's proposals for distributing the funding through the existing formula for assessed relative need as this provides local authorities with the certainty required for 2022-23 in order to facilitate the setting of budgets within the prescribed timeframes and also with Government's intention to work closely with authorities on how to best use this money for 2023-24 onwards.

**Question 7: Do you agree with the Government's proposals for New Homes Bonus in 2022-23?**

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.

The allocations tend to favour councils with lower tier responsibilities. 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.

Although the Government's intention was for a reform of the system to be implemented for 2022-23, this has not happened. There has been a new £333m payment for local authorities. However, the payment methodology is the same as in 2021-22. As announced in 2020-21, no legacy payments will be made on new allocations from 2020-21 onwards; meaning that the 2020-21-2022-23 bonuses are not included in the calculation of payments in 2022-23. The final outstanding legacy payment will be made on the allocation from earlier years, as previously announced.

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. The Council considers that the funding allocated for the NHB, the £900m top-sliced from RSG at the inception of the NHB, should be allocated on the basis of need.

**Question 8: Do you agree with the Government's proposals for Rural Services Delivery Grant in 2022-23?**

The Council welcomes the decision to provide funding of the additional costs of delivering services in rural areas, pending further consideration in the 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 and passenger transport, which are both upper tier responsibilities.

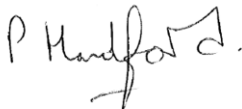
**Question 9: Do you agree with the Government's proposal for the Lower Tier Services Grant, with a new minimum funding floor in 2022-23 so that no authority sees an annual reduction in Core Spending Power?**

The Council does welcome the use for a further year of £111m originally re-allocated from the £900m NHB RSG top-slice to fund an un-ringfenced Lower Tier Services Grant for local authorities with lower tier services such as homelessness, planning, recycling and refuse collection, and leisure service in 2022-23. In 2021-22 the Government was clear that this funding was in response to the current exceptional circumstances due to the Covid-19 pandemic and was a one-off but the Council acknowledges that these exceptional circumstances are likely to remain into 2022-23. However, the Council considers that the £900m NHB top-sliced at the inception of the Scheme should be reallocated on the basis of ongoing need from 2023-24, following the consultation which was announced on its future.

**Question 10: Do you have any comments on the impact of the proposals for the 2022-23 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft policy impact statement published alongside the consultation document? Please provide evidence to support your comments.**

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 some recent years has been welcomed, in respect of increasing the Council Tax referendum threshold for general increases, permitting all authorities responsible for Adult Social Care the ability to levy up to an additional specified increase through the Adult Social Care (ASC) Precept, and for 2022-23, allowing those authorities the ability to add any unused parts of the 3% ASC Precept available in 2021-22 to the 2022-23 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 the Fair Funding Review. A renewed commitment and timeframe for implementation of the Fair Funding Review is needed to ensure that the historic resource equalisation flaws in the current funding methodology are addressed.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P Handford' with a stylized flourish at the end.

Peter Handford  
Executive Director, Corporate Services and Transformation (S151 Officer)

## COUNCIL TAX

### Final 2021-22 Collection Fund Deficit, Precept Amounts and Net Budget Requirement

In the Council Revenue Budget Report 2021-22, the Council Tax collection fund deficit for 2021-22 was estimated at £2.306m, although this figure was not final. Billing authorities have until 31 January to confirm in writing their final collection fund estimates; the latest provisional figures were included. There have been difficulties for billing authorities forecasting during the Covid-19 pandemic, and billing authorities required time to consider 2021-22 announcements of the Local Income Tax Guarantee Scheme for 2020-21 and the Local Council Tax Support scheme. This meant that final collection fund estimates were being received later than is usual. A verbal update was provided at the Council Meeting with the final figures below:

	2021-22 £	2022-23 £	2023-24 £
Amber Valley	-143,363	-158,544	-158,544
Bolsover	-453,380	-232,448	-232,448
Chesterfield	-191,318	-162,556	-162,556
Derbyshire Dales	-397,997	-46,653	-46,653
Erewash	488,674	0	0
High Peak	-464,615	-160,626	-160,626
North East Derbyshire	6,208	-106,278	-106,278
South Derbyshire	880,948	-173,987	-173,987
	<b>-274,843</b>	<b>-1,041,092</b>	<b>-1,041,092</b>

	Amount Collected £	Collection Fund Surplus/ (Deficit) £	Amount Actually Due £
Amber Valley	54,829,666	-143,363	54,686,303
Bolsover	30,463,956	-453,380	30,010,576
Chesterfield	40,481,021	-191,318	40,289,703
Derbyshire Dales	41,459,141	-397,997	41,061,144
Erewash	46,625,779	488,674	47,114,453
High Peak	42,742,395	-464,615	42,277,780
North East Derbyshire	43,785,742	6,208	43,791,950
South Derbyshire	48,708,959	880,948	49,589,907
	<b>349,096,659</b>	<b>-274,843</b>	<b>348,821,816</b>



This finalisation of the Council Tax collection fund deficit changed the Council's Net Budget Requirement for 2021-22 as follows:

	<b>Net Budget Requirement 2021-22 £</b>
<b>Revenue Budget Report 2021-22</b>	<b>572,526,187</b>
<b>Balance to be met from Council Tax</b>	
Collection Fund Finalisation – Erewash (Reduction in surplus from £540,000 estimate to £488,674 final)	-51,326
<b>Final</b>	<b>572,474,861</b>

**Taxbase**

	<b>Equivalent Band D Properties 2021-22</b>	<b>Equivalent Band D Properties 2022-23</b>	<b>Change %</b>
Amber Valley	39,643.45	40,307.09	1.67%
Bolsover	22,026.33	22,443.26	1.89%
Chesterfield	29,268.96	29,858.12	2.01%
Derbyshire Dales	29,976.17	30,539.40	1.88%
Erewash	33,711.80	33,826.40	0.34%
High Peak	30,904.00	31,342.00	1.42%
North East Derbyshire	31,658.37	32,079.63	1.33%
South Derbyshire	35,218.00	36,702.00	4.21%
	<b>252,407.08</b>	<b>257,097.90</b>	<b>1.86%</b>

The taxbase positions above are provisional. Billing authorities have until 31 January 2022 to confirm in writing their final taxbase position.

**Collection Fund**

	<b>2021-22</b>	<b>2021-22 spread to 2022-23</b>	<b>2022-23</b>	<b>Total 2022-23</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amber Valley	-143,363	-158,544	927,653	769,109
Bolsover	-453,380	-232,448	356,855	124,407
Chesterfield	-191,318	-162,556	438,013	275,457
Derbyshire Dales	-397,997	-46,653	-56,431	-103,084
Erewash	488,674	0	-329,328	-329,328
High Peak	-464,615	-160,626	918,796	758,170
North East Derbyshire	6,208	-106,278	591,048	484,770
South Derbyshire	880,948	-173,987	1,631,159	1,457,172
	<b>-274,843</b>	<b>-1,041,092</b>	<b>4,477,765</b>	<b>3,436,673</b>

The total Council Tax collection fund surplus for 2022-23 is estimated at £3.437m, based on provisional information received to date from billing authorities, including £1.041m of deficit carried forward from 2021-22 budget setting. Billing authorities have until 31 January 2022 to confirm in writing their final collection fund estimates.

**Council Tax Amounts**

<b>Band</b>	<b>2021-22</b>	<b>2022-23</b>	<b>General Increase</b>	<b>ASC Increase</b>	<b>Total Increase</b>	<b>Number of Properties</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
<b>A</b>	922.05	949.71	18.44	9.22	27.66	136,250
<b>B</b>	1,075.72	1107.99	21.51	10.76	32.27	84,350
<b>C</b>	1,229.40	1266.28	24.59	12.29	36.88	62,360
<b>D</b>	1,383.07	1424.56	27.66	13.83	41.49	41,900
<b>E</b>	1,690.42	1741.13	33.81	16.90	50.71	26,080
<b>F</b>	1,997.77	2057.70	39.95	19.98	59.93	12,760
<b>G</b>	2,305.12	2374.27	46.10	23.05	69.15	7,130
<b>H</b>	2,766.14	2849.12	55.32	27.66	82.98	560
						<b>371,390</b>

**Precept Amounts**

	<b>Amount Collected</b>	<b>Collection Fund Surplus/ (Deficit)</b>	<b>Amount Actually Due</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Amber Valley	57,419,808	769,109	58,188,917
Bolsover	31,971,737	124,407	32,096,144
Chesterfield	42,534,639	275,457	42,810,096
Derbyshire Dales	43,505,162	-103,084	43,402,078
Erewash	48,187,686	-329,328	47,858,358
High Peak	44,648,512	758,170	45,406,682
North East Derbyshire	45,699,310	484,770	46,184,080
South Derbyshire	52,284,146	1,457,172	53,741,318
	<b>366,251,000</b>	<b>3,436,673</b>	<b>369,687,673</b>

The Precept amounts above are provisional. Billing authorities have until 31 January 2022 to confirm in writing their final taxbase and collection fund estimates.

## SERVICE PRESSURES

### **Adult Social Care and Health – Total - £5,016,000 ongoing**

#### **Demographic Growth - £5,016,000 ongoing**

Increases in 65+ population, the number of disabled adults accessing services, cases of early onset of dementia, the complexity of need and the complexity of clients transitioning from Children's Services means that there continues to be a demographic growth pressure in respect of Adult Care.

### **Children's Services – Total - £11,520,000 ongoing, £3,702,000 ongoing contingency, £3,541,000 one-off, £2,946,000 one-off contingency**

#### **Children in Care Placements - £6,096,000 ongoing, £1,222,000 ongoing contingency, £92,000 one-off, £2,000,000 one-off contingency**

The number of children in care has increased and the trends in demand experienced within children's social care in recent years are expected to continue in 2022-23. The increase in the number and complexity of children being taken into care nationally and locally has meant that more children coming into care have had to be placed with external providers. A lack of sufficiency in the market nationally is further driving up costs of provision. A recent assessment identified that spend on placements in Derbyshire could exceed 2021-22 budget by £11.460m next year and the potential for this level of increase has been seen across other local authorities nationally. The Achieving Great Futures (AGF) programme workstreams are expected to work towards alleviating these cost pressures by an estimated £2.050m during 2022-23 through mitigating demand and capacity management. £1.222m will be held in ongoing contingency budgets and £2.000m will be held in one-off contingency budgets until the cost is known.

#### **Support to Vulnerable Children and Young People - £1,585,000 ongoing**

Funding to provide preventative and alternative care plans for children in need, including those with complex disabilities, which enable children to remain living at home therefore avoiding care admission. With increased numbers of children in care there are additional supplementary costs and placement support requirements for children in care to prevent breakdown.

**Leaving Care Services - £629,000 ongoing**

This reflects the additional cost of service provision. The duties in relation to care leavers have been extended with support offered up to the age of 25 as required (previously 21) which has resulted in an increase in care leaver numbers. There are also more care leavers as the number of children in care moving through to care leaving age has increased. In addition, Derbyshire has seen unexpected sudden increases in unaccompanied asylum-seeking children (UASC) arriving in Derbyshire through the various asylum resettlement schemes. This is set to continue when the national transfer scheme become mandatory across the country. Derbyshire's allocation of UASC under the scheme could see a rise of 70 admissions to the Council's care over time to reach a total of 0.07% of population (107 UASC – currently there are 33). UASC are rarely younger children and therefore the impact on the care leaver cohort is an ever-increasing number with immediate effect on admission.

**Education Psychology Demand - £210,000 ongoing**

In line with national trends across England, there has been a significant increase in the numbers of Education, Health and Care Needs Assessments (EHCNAs) agreed each year. Additional capacity is required within the Education Psychology Service to ensure that statutory requirements for EP advice within EHCNAs can be carried out.

**Special Needs Home to School Transport - £3,000,000 ongoing, £1,962,000 ongoing contingency**

The number of children with SEN support is increasing year on year, with significant increases in expenditure on children placed in out of county independent provision and Derbyshire special schools. In addition, there are price increases in the transport sector due to rising costs of fuel, driver salaries and compliance requirements. A sum of £1,962,000 will be held in ongoing contingency budgets until the cost is known.

**Mainstream Home to School Transport - £518,000 ongoing contingency**

To cover the increased costs in the sector of fuel, driver salaries and compliance requirements. This amount will be held in ongoing contingency budgets until the cost is known.

**Legal Costs - £1,100,000 one-off**

The number and the complexity of children in care proceedings is increasing, compounded by delays in court processes for some children as a result of the pandemic and court delays. Children's Services' costs continue to increase, most notably in respect of solicitors' fees (incurred either where the Council is sharing/paying costs with another party, or where work cannot be delivered by the in-house legal services team), barristers' fees and the fees payable to the courts at each stage of children in care proceedings. A joint review by Children's Services and Legal Services has commenced to develop plans to mitigate rising costs in the future.

**Temporary Alternative Children's Homes Accommodation During Refurbishment or Replacement - £946,000 one-off contingency**

Revenue funding is needed to support essential capital works on some Council children's homes, with temporary closures to enable essential refurbishment at four children's homes and the rebuild of a short breaks home. The revenue funding will cover relocation and the costs of temporary accommodation for the children and staff. This amount will be held in one-off contingency budgets until the cost is known.

**Social Workers - £400,000 one-off**

To fully fund the frontline social work structure and the market supplement, without the need to hold a level of vacancies which would be counter-productive in meeting the statutory demands to help, protect and care for children in Derbyshire. The market supplement payment for social workers in frontline children's social work teams was introduced in July 2019 to support the Council's recruitment strategy. A review has commenced to consider a future resolution to the impact of pay on recruitment and retention of social workers.

**Performance, Quality and Participation £291,000 one-off**

Funding to support service pressures in complaints management and subject access requests (SARS).

**Process Improvement - £193,000 one-off**

To fund a dedicated team to review and improve processes within Children's Services. It is intended that efficiencies from improved processes will help contribute to reducing the department's overspend and will enable the team to be funded from the savings achieved.

**Youth Action Grants - £125,000 one-off**

To deliver the 2021 election manifesto commitment for a further Youth Action Grant Scheme to supported voluntary and community groups across Derbyshire.

**Sports and Outdoor (SORE) - £980,000 one-off**

Funding is to support the service during 2022-23 pending a review of the needs of the service moving forwards.

**Elective Home Education - £360,000 one-off**

Over the last year nationally and locally there has been a large increase in the number of Electively Home Educated (EHE) children. Funding to extend the EHE team to meet statutory functions to manage applications, determine whether there are any safeguarding risks and assess whether their education is suitable.

**Corporate Services and Transformation – Total – £8,060,000 ongoing, £5,036,000 one-off**

**Legal Services – Child Protection – £730,000 ongoing**

Children's Services are currently spending £1m on external solicitors and £1m on counsel due to an increase in child protection cases. The benefits of this proposal will ultimately lead to savings for Children's Services in the order of £300,000 each year. The proposal would permit the appointment of an additional thirteen staff to reduce spend on external legal services.

**Legal Services – Education Legal Team – £174,000 ongoing**

For additional support required for the Education Legal Team.

**Organisation, Development and Policy - Business Change Team and Programme Management Team - £1,020,000 ongoing, £20,000 one-off**

Funding to ensure the Council can more effectively deliver and implement One Council change and strategic transformation.

**Organisation, Development and Policy - Channel Shift - £34,000 one-off**

The Channel Shift Team is currently supported by temporary members of staff. In order to fully embed the system into the organisation, support the maximisation of benefit realisation, and make the most of the contracted purchase period of four years, it is anticipated that some dedicated staff resource will be required to deliver the programme past the initially anticipated point.

**Organisation, Development and Policy - Domestic Abuse - £1,417,000 ongoing**

The Domestic Abuse Act 2021 has introduced additional statutory duties in the provision of emergency accommodation for victims of domestic abuse and their families. To enable the development and delivery of a long-term comprehensive commissioning strategy, this pressure bid seeks to confirm the availability of funding on an ongoing basis and make the temporary post permanent. This bid puts the base budget in but will be offset by a general grant received in later years.

**Organisation, Development and Policy - Community Safety- £254,000 ongoing**

Funding requested is to support new activity required to meet statutory duties in respect of community safety, such as the imminent Serious Crime White Paper. Funding is for three posts and a project fund to support commissioned activity.

**Organisation, Development and Policy - Vision Derbyshire annual contribution - £88,000 ongoing**

Funding to support the Council's contribution to the Vision Derbyshire Programme resource.

**Organisation, Development and Policy - Equalities - £92,000 ongoing**

Funding to support the implementation of the Council's new Equality, Diversity and Inclusion Strategy.

**Corporate Property – Disposal Programme - £399,000 one-off**

To instruct external property agents and solicitors to dispose of property.

**Corporate Property – Asset Optimisation Corporate Landlord Model - £276,000 one-off**

To provide the resource for planning and implementing the Corporate Landlord model, which received Cabinet approval in January 2021.

**Corporate Property – Modern Ways of Working (MWOW) - £182,000 one-off**

Additional Corporate Property support to continue work post September 2021 to implement the MWOW programme.

**Corporate Property – Restructure Funding - £397,000 ongoing**

Increase in staffing is required to deliver the Corporate Property 2025 strategy. As part of the Corporate Property 2025 strategy a review of all corporate property assets is being carried out to ensure that they are fit for purpose and that a plan is in place for their management.



**Corporate Property – Demolition Budget - £1,100,000 one-off**

To replenish the Corporate Revenue Demolition Reserve to enable demolition work to continue at identified and agreed sites, following completion of asset and locality reviews, so that sites can either be redeveloped (for example, for new schools) or sold on the open market for an enhanced value.

**Corporate Property – Asset Management - £121,000 ongoing**

To fund additional posts in the Asset Management Team to support the new operating model proposed in the Cabinet report of 18 November 2021. These principal officers will act as the internal Intelligent Client on behalf of the Council, the Joint Venture Concertus Derbyshire Limited, and Corporate Property, ensuring that the service area client body requirements are being met and communicated effectively in the briefing process, and that any long term property management liabilities are considered in the development proposals.

**Finance and ICT - Procurement Staff Restructure - £95,000 ongoing**

Restructuring staff within procurement in response to audit requirements for improved contract and supply chain management across the Council. In addition, this bid will support the response to the new National Procurement Policy Statement (NPPS), and the significant changes expected in procurement regulations as outlined in the Procurement Green Paper.

**Finance and ICT - Cloud Storage - £400,000 ongoing**

To move the current ICT storage and compute infrastructure to the Cloud and commence a project to modernise and create new ICT workloads. The project will drive ICT transformation and provide the appropriate infrastructure capable of supporting the Council's digital agenda, and Modern Ways of Working programme.

**Finance and ICT - Delivery Priorities - £200,000 ongoing**

The ICT Strategy requires the ICT Budget to increase by £1m (£200,000 each year) over the five-year strategy period, to support the delivery of the priorities.

**Finance and ICT - Software Asset Management Tool - £62,000 ongoing, £25,000 one-off**

To purchase a Software Asset Management tool (SAM). A SAM tool enables Officers to accurately maintain compliance, determine numbers and monitor usage and can potentially save substantial amounts of money by ensuring the Council only licences and pays for the software it uses. SAM tools range in price, but typically cost in the region of £125,000 each year for an organisation of the Council's size; this equates to approximately 2% to 3% of the total licence spend.

**Finance and ICT – Centralised Procurement - £85,000 ongoing**

Procurement is defined as a process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process spans the whole procurement cycle from identification needs through to the end of a services contract or the end of the usual life of an asset. It involves an appraisal and the critical 'make or buy' decision which may result in the provision of services in-house. Currently the process covered by this bid is provided by commissioners in Children's Services. Funding is required for additional staff in the procurement team to fulfil these duties instead.

**Finance and ICT – Revenue Financing Costs for Capital Bids - £2,925,000 ongoing**

This reflects the financing costs associated with the additional borrowing that is required to support new starts in the capital programme.

**Project Support – External Advisors - £3,000,000 one-off**

Technical and professional support for waste matters.

**Place – Total - £2,472,000 ongoing, £4,303,000 one-off**

**Climate Change - £463,000 ongoing**

The Council needs to take action to reduce emissions to net zero from its own estate and operations by 2032 or sooner, and from across the county by 2050 (in line with Government targets) and published its Climate Change Manifesto in May 2019. The Council also needs to build resilience across its own services and across the county to adapt to a changing climate and deliver identified priorities.

**Waterbodies Officer - £38,000 ongoing**

A new post to manage waterbody assets (reservoirs and canals) on behalf of the Countryside Service was approved in 2019. The creation of the post is intrinsically linked to £1 million capital funding allocated to management of waterbody structures to ensure compliance with statutory responsibilities and legislation. No funding for the officer post was given in 2019 and the Countryside Service no longer has available resources to cover this salary. Until this post is recruited and fully funded the risks to the Council cannot start to be mitigated.

**Million Trees Project - £113,000 ongoing**

The Council has committed to plant up to one million trees in Derbyshire by 2030. The Million Trees Project (MTP) is a ten-year draft plan to realise delivery of this target through community involvement and activity, planning approvals and Council schemes on its own land and on the highway network. A project officer is also needed to coordinate and report on progress.

**Ash Die Back - £270,000 ongoing**

Ash Die Back will lead to the decline and death of the majority of ash trees in Britain. The Countryside Service is to lead a strategic corporate-level response with relevant departments, developing a corporate Ash Die Back Action Plan, initiating a programme of inspection to quantify the scale of the problem on the Council's estate including the surveying, felling and re-planting of trees on Council land.

**Drainage - £1,313,000 ongoing, £1,313,000 one-off**

Highways authorities are having to deal with the consequences of the increasing impact of climate change, and as a result are experiencing a greater frequency of severe weather events, particularly flooding, which cause major disruption and damage to properties and the highway network. Improvements, maintenance and investigation is needed to assess and enhance the Council's drainage infrastructure and assets. Resources are required to make the service more proactive.

**Regeneration Service Development - £275,000 ongoing, £140,000 one-off**

Additional resources are needed to add to the core establishment as the service continues to grow. The department is responsible for administering a number of specialist grants, and a 'Grants Team' and a 'Bidding Team' are needed to ensure effectiveness so the Council and its residents are benefitting from all grants available. It is proposed that staff costs for this part of the service will be recoverable, probably after a period of two years to allow time for the development processes to establish. Therefore, a one-off amount is needed in 2022-23, in addition to the ongoing amount referenced above, to further fund the service delivery initially.

**Major Schemes - £2,850,000 one-off**

There is a need to 'kick start' capital projects that can bring forward good growth for Derbyshire: providing housing, jobs and skills. Where these projects involve bids for external grant funding they will always require significant up-front investment before the grant is confirmed. This investment will cover costs such as economic and transport modelling, preliminary design and cost-estimating, planning consent, land assembly (in order to demonstrate deliverability for funders) and business case assembly.

## **BUDGET SAVINGS PROPOSALS 2022-23**

**Adult Social Care and Health – Total - £10,137,000**  
**(2022-23 - £5,880,000, Approved Shortfall Brought Forward from 2021-22**  
**£4,257,000)**

### **Continuation from Previous Years Schemes:**

#### **Better Lives – Working Age Adults - £1,942,000**

This is part of the Council's four-year Better Lives programme that will build on best practice and innovate new ways of working to ensure that the Council's services support and promote greater independence for adults living with a disability across the whole county.

### **Continuation from Previous Years Schemes:**

#### **Better Lives - Older People's Pathway - £7,150,000**

This is part of a four-year Better Lives transformation programme that will build on best practice and innovate new ways of working to ensure that the Council's services support and promote greater independence for older people in Derbyshire. This will include ensuring consistency and equity of access to the Council's short-term services and promote independence through the implementation of consistent strength-based and outcome-focussed assessments and reviews.

### **Continuation from Previous Years Schemes:**

#### **Reduce Agency Spend - £400,000**

To realign the direct care workforce to deliver the Better Lives programme in order to reduce agency usage within homes for older people and extra care. It would also require corporately recommissioning the Council's agency staffing contract to create more favourable terms for the local authority.

### **Continuation from Previous Years Schemes:**

#### **Preparation and Planning for Disabled Children - £190,000**

This is part of the four-year Better Lives transformation programme and will focus on improving the interaction between Children's and Adult Services to achieve improved outcomes and greater independence for young people transitioning into adulthood.

### **Review of Contracting and Commissioning Staffing - £100,000**

Undertake a review of current arrangements to ensure key priorities are delivered based on best practice, value for money (VFM) and comparators with neighbouring authorities. The work to achieve this saving has been completed during 2021-22 and as a result the full year's saving target will be met in 2022-23.

**Review of Business Services - £155,000**

Undertake a review of current arrangements to ensure key priorities are delivered based on best practice, VFM and comparators with neighbouring authorities. The work to achieve this saving has been completed during 2021-22 and as a result the full year's saving target will be met in 2022-23.

**Review of Other Housing Related Support Schemes - £200,000**

Being reviewed as part of the Practical Housing Support Project to ensure VFM and effectiveness to meet adult social care (ASC) priorities.

**Children's Services – Total - £46,000**

**Continuation from Previous Year Schemes:**

**Continuation of already announced actions in respect of back office costs – £46,000**

This saving will be achieved by reducing general business support and specialised back office functions, including staffing, in line with reductions in frontline services and better use of technology.

No other budget savings proposals in this, or later years, have been put forward by Children's Services because of growing budget pressures within the department. A number of cost reduction initiatives are underway; however, these are being used to mitigate overspends and reduce the need for budget growth.

**Place – Total - £756,000**

**Waste – £100,000**

The Council will work with partners, including district and borough councils, to reduce the cost of disposing of the county's waste.

**Future Highways Model – £500,000**

A major improvement plan for the highways service will result in more efficient ways of working, productivity improvements and generation of income from assets.

**Libraries – £156,000**

**(Continuation from previous years under Commissioning, Communities and Policy, now Corporate Services and Transformation)**

The multi-year programme to transfer some libraries to community management, and the review of staffing levels and opening hours, will continue.

**Corporate Services and Transformation - Total - £444,000**

**Insurance Fund - £444,000**

The Council will reduce the amount held in the insurance fund.

**BUDGET SAVINGS PROPOSALS 2023-24**

**Adult Social Care and Health – Total - £9,289,000**

**Continuation from Previous Years Schemes:**

**Better Lives – Working Age Adults - £1,881,000**

**Better Lives - Older People’s Pathway - £4,103,000**

**Review of Housing Related Support - £400,000**

**Preparation and Planning for Disabled Children - £330,000**

**Review of Legacy Community Alarm Provision - £300,000**

To be reviewed as part of the Assistive Technology programme. The current spend on Community Alarms provision is £600,000 a year.

**Direct Care - £1,673,000**

This programme will determine which services the Council needs to retain, create a broader effective reablement, recovery and progression offer and ensure value for money.

**Better Lives – Short Term Services: Optimising the Service - £602,000**

This is an extension of the four-year Better Lives transformation programme and will focus on ensuring further consistency and equity of access to the Council’s reablement short-term services, thereby supporting more older people and disabled people to achieve more independent outcomes.

**Place – Total - £1,200,000**

**Continuation from Previous Years Schemes:**

**Waste – £580,000**

**Future Highways Model – £500,000**

**Elvaston Castle and Country Park – £120,000**

The cost of running Elvaston Castle and Country Park will reduce by investing in projects identified in the Master Plan to help the estate to generate sufficient income to cover its costs.

**Corporate Services and Transformation - Total - £625,000**

**SAP - £500,000**

The Council will continue to refine and develop its use of the SAP system to achieve a range of savings across the Council. Particularly in relation to transactional processes, procurement and support costs.

**Interest receipts – £125,000**

The Council manages its cash balances by investing in a range of products to receive the optimum investment income. The Council will continue to work with its Treasury Management advisers to look at options to increase its interest receipts. Investing in longer-term pooled funds, for example, will help to generate higher returns. There has been a recent rise in the base rate of interest, with further rises anticipated in 2022, which will contribute to enhanced returns.

**BUDGET SAVINGS PROPOSALS 2024-25**

**Adult Social Care and Health – Total - £1,435,000**

**Continuation from Previous Years Schemes:**

**Better Lives – Working Age Adults - £440,000**

**Better Lives - Older People’s Pathway - £132,000**

**Preparation and Planning for Disabled Children - £260,000**

**Better Lives - Short Term Services: Optimising the Service - £603,000**

**Place – Total - £2,870,000**

**Continuation from Previous Years Schemes:**

**Elvaston Castle and Country Park – £120,000**

**Waste - £1,750,000**

**Future Highways Model – £1,000,000**

**Corporate Services and Transformation - Total - £1,652,000**

**Continuation from Previous Years Schemes:**

**Interest receipts – £125,000**

**SAP - £50,000**

**Property Services – £1,477,000**

The Council will continue to reduce running costs by rationalising its land and property and releasing the resulting surplus assets. It will also generate fees from capital schemes.

**BUDGET SAVINGS PROPOSALS 2025-26**

**Adult Social Care and Health – Total - £763,000**

**Continuation from Previous Years Schemes:**

**Preparation and Planning for Disabled Children - £160,000**

**Better Lives - Short Term Services: Optimising the Service - £603,000**

**Place – Total - £120,000**

**Continuation from Previous Years Schemes:**

**Elvaston Castle and Country Park – £120,000**

**Corporate Services and Transformation - Total - £1,000,000**

**Continuation from Previous Years Schemes:**

**SAP - £50,000**

**Property Services – £950,000**

**BUDGET SAVINGS PROPOSALS 2026-27**

**Adult Social Care and Health – Total - £100,000**

**Continuation from Previous Years Schemes:**

**Preparation and Planning for Disabled Children - £100,000**



**Place – Total - £120,000**

**Continuation from Previous Years Schemes:  
Elvaston Castle and Country Park – £120,000**

<b>FIVE YEAR FINANCIAL PLAN for 2022-23 to 2026-27</b>					
	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>FUNDING</b>					
<b>Business Rates and Government Grants</b>					
Business Rates	15.875	18.069	21.264	21.462	21.662
Top-Up	94.892	98.688	101.648	103.681	105.755
Revenue Support Grant	14.231	14.231	14.231	14.231	14.231
Improved Better Care Fund	35.713	35.713	35.713	35.713	35.713
New Homes Bonus	1.868	1.868	1.868	1.868	1.868
General Grant	54.683	54.683	54.683	54.683	54.683
PFI Grant	10.504	10.504	10.504	10.504	10.504
<b>Sub Total</b>	<b>227.766</b>	<b>233.755</b>	<b>239.912</b>	<b>242.142</b>	<b>244.415</b>
Council Tax	369.688	382.181	395.566	409.424	423.770
Use of Other Balances BM/Gen Reserve	21.003	0.000	0.000	1.500	0.000
<b>TOTAL FUNDING</b>	<b>618.457</b>	<b>615.936</b>	<b>635.478</b>	<b>653.066</b>	<b>668.186</b>
<b>EXPENDITURE:</b>					
Base Budget	556.340	601.250	615.936	635.478	651.566
Price Inflation	0.046	0.046	0.046	0.046	0.046
Pay Award (including Living Wage)	9.102	6.651	6.934	7.856	8.414
Contingency for Price Increases	16.339	12.959	13.700	14.483	15.310
Debt Charges	0.000	0.000	0.000	0.000	0.000
Interest Receipts	0.000	-2.182	0.000	0.000	0.000
MRP adjustment	7.000	0.000	0.000	0.000	0.000
Ongoing Service Pressures (see below)	30.770	6.470	10.376	11.755	13.003
<b>Budget Savings Identified</b>	<b>-8.057</b>	<b>-11.114</b>	<b>-5.957</b>	<b>-1.883</b>	<b>-0.220</b>
Risk Management Budget	-10.290	1.856	-1.856	0.000	0.000
	<b>601.250</b>	<b>615.936</b>	<b>639.179</b>	<b>667.735</b>	<b>688.119</b>
<b>One-off Expenditure:</b>					
One-off Revenue Support	12.880	0.000	0.000	0.000	0.000
Contingency for One-off Revenue Bids	4.327	0.000	0.000	0.000	0.000
Elections	0.000	0.000	0.000	1.500	0.000
	<b>17.207</b>	<b>0.000</b>	<b>0.000</b>	<b>1.500</b>	<b>0.000</b>
<b>Further Budget Savings Required</b>	<b>0.000</b>	<b>0.000</b>	<b>-3.702</b>	<b>-16.169</b>	<b>-19.933</b>
<b>TOTAL EXPENDITURE</b>	<b>618.457</b>	<b>615.936</b>	<b>635.478</b>	<b>653.066</b>	<b>668.186</b>
<b>Ongoing Base Budget</b>	<b>601.250</b>	<b>615.936</b>	<b>635.478</b>	<b>651.566</b>	<b>668.186</b>

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<b>Assumptions</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2025-26</b>
Price Inflation	5.10%	4.00%	3.00%	2.00%	2.00%
Pay Award	2.00%	2.00%	2.00%	2.00%	2.00%
Business Rate Growth	1.00%	1.00%	1.00%	1.00%	1.00%
BR Taxbase (£m)	19.375	19.569	19.764	19.962	20.162
BR Collection Fund Position (£m)	-3.500	-1.500	1.500	1.500	1.500
Top Up RPI	0.00%	4.00%	3.00%	2.00%	2.00%
Council Tax Increase	3.00%	2.00%	2.00%	2.00%	2.00%
CT Taxbase Change	1.86%	1.50%	1.50%	1.50%	1.50%
CT Taxbase	257,098	260,954	264,869	268,842	272,874
CT Collection Fund Position (£m)	3.437	3.000	3.000	3.000	3.000
Council Tax (£/Band D)	1,424.56	1,453.05	1,482.12	1,511.76	1,541.99
<b>Ongoing Service Pressures</b>					
Adult Care Demographic Growth	5.016	5.278	5.426	5.335	5.823
Children In Care Placements	6.096	0.000	4.755	6.220	6.977
Children In Care Placements Contingency	1.222	0.192	0.195	0.200	0.203
Support Vulnerable Children/Young People	1.585	0.000	0.000	0.000	0.000
Leaving Care Services	0.629	0.000	0.000	0.000	0.000
Education Psychology Demand	0.210	0.000	0.000	0.000	0.000
Special Needs Home to School Transport	3.000	0.000	0.000	0.000	0.000
Special Needs HST Contingency	1.962	0.000	0.000	0.000	0.000
Mainstream HST Contingency	0.518	0.000	0.000	0.000	0.000
Pension Fund	0.000	1.000	0.000	0.000	0.000
Child Protection	0.730	0.000	0.000	0.000	0.000
Education Legal Team	0.174	0.000	0.000	0.000	0.000
PMO/Business Change Team	1.020	0.000	0.000	0.000	0.000
Domestic Abuse	1.417	0.000	0.000	0.000	0.000
Community Safety	0.254	0.000	0.000	0.000	0.000
Vision Derbyshire Annual Contribution	0.088	0.000	0.000	0.000	0.000
Equalities	0.092	0.000	0.000	0.000	0.000
Restructure Funding	0.397	0.000	0.000	0.000	0.000
Asset Management	0.121	0.000	0.000	0.000	0.000
Debt Charges Capital Programme	2.925	0.000	0.000	0.000	0.000
ICT Delivery Priorities	0.200	0.000	0.000	0.000	0.000
Procurement Staff Restructure	0.095	0.000	0.000	0.000	0.000
Software Asset Management Tool	0.062	0.000	0.000	0.000	0.000
Centralised Procurement	0.085	0.000	0.000	0.000	0.000
Cloud Storage	0.400	0.000	0.000	0.000	0.000
Climate Change	0.463	0.000	0.000	0.000	0.000
Waterbodies Officer	0.038	0.000	0.000	0.000	0.000
Million Trees Project	0.113	0.000	0.000	0.000	0.000
Ash Die Back	0.270	0.000	0.000	0.000	0.000
Drainage	1.313	0.000	0.000	0.000	0.000
Regeneration Service Development	0.275	0.000	0.000	0.000	0.000
	<b>30.770</b>	<b>6.470</b>	<b>10.376</b>	<b>11.755</b>	<b>13.003</b>

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<b>One-Off Pressures</b>					
Pension Fund Contingency	1.381	0.000	0.000	0.000	0.000
Children in Care Placements	0.092	0.000	0.000	0.000	0.000
Children In Care Placements Contingency	2.000	0.000	0.000	0.000	0.000
Temporary Children's Homes Contingency	0.946	0.000	0.000	0.000	0.000
Social Workers	0.400	0.000	0.000	0.000	0.000
Performance, Quality and Participation	0.291	0.000	0.000	0.000	0.000
Youth Action Grants	0.125	0.000	0.000	0.000	0.000
Elective Home Education	0.360	0.000	0.000	0.000	0.000
Sports and Outdoor (SORE)	0.980	0.000	0.000	0.000	0.000
Process Improvement	0.193	0.000	0.000	0.000	0.000
Children's Services Legal Costs	1.100	0.000	0.000	0.000	0.000
PMO/Business Change Team	0.020	0.000	0.000	0.000	0.000
Channel Shift	0.034	0.000	0.000	0.000	0.000
Property Disposal Programme	0.399	0.000	0.000	0.000	0.000
Asset Optimisation/Corporate Landlord	0.276	0.000	0.000	0.000	0.000
Modern Ways of Working	0.182	0.000	0.000	0.000	0.000
Demolition Budget	1.100	0.000	0.000	0.000	0.000
Software Asset Management Tool	0.025	0.000	0.000	0.000	0.000
Project Support - External Advisors	3.000	0.000	0.000	0.000	0.000
Major Schemes	2.850	0.000	0.000	0.000	0.000
Drainage	1.313	0.000	0.000	0.000	0.000
Regeneration Service Development	0.140	0.000	0.000	0.000	0.000
	<b>17.207</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>



# Derbyshire County Council

## Equality Impact Analysis Record Form

### Derbyshire County Council Revenue Budget 2022-23

Department	ALL
Service Area	ALL
Title of policy/ practice/ service of function	<b>REVENUE BUDGET FOR 2022-23</b>
Chair of Analysis Team	Paul Stone, Assistant Director of Finance (Financial Management)

#### Stage 1. Prioritising what is being analysed

- a. Why has the policy, practice, service, or function been chosen?
- b. What if any proposals have been made to alter the policy, service or function?

To ensure that when the Council's annual revenue budget is set each year that an assessment is being made of the likely impacts on local people, including those with a protected characteristic under the Equality Act 2010. As the budget sets the overall spending and income raising levels for the Council, it also determines to some degree the areas of service where budget reductions will be targeted, and as such needs to be included within the Council's processes for meeting the public sector equality duty. The analysis of the main budget will be supported by individual service specific Equality Impact Analyses, to ensure that all possible likely impacts are identified, and where possible steps taken to mitigate them. In the event that adverse impact identified is very serious and cannot be mitigated then members would have to consider whether to proceed with the proposed budget reductions.

c. What is the purpose of the policy, practice, service or function?

Each year the Council must agree a revenue budget for the next financial year, which reflects the Council's Five Year Financial Plan and which seeks to ensure a balanced budget, taking into account funding from external sources, including Government, and locally raised sources of income.

Specifically, the budget sets the high-level controls over where the Council will spend money on delivering local services, and thus helps determine the services that will become available to the people of Derbyshire in the following financial year.

Since 2008 the Council's budget has been reduced by Central Government. This means that each year there are fewer resources to fund local services, and the Council must find efficiencies which may result in changes or reductions in service provision to remain with its budget envelope.

The budget will also set whether or not locally raised income is increased each year, such as through rises in Council Tax and other major charges, impacting on local people, whether or not they use different Council services. It does not exercise control over the levels of Business Rates which are raised, although the Council receives a proportion of these.

The budget reduction proposals within the Five-Year Plan for 2022-23 are significant and reliant on the Council's ability to achieve this level of savings whilst responding to and recovering from the Covid-19 pandemic. All proposals need to be considered in context with the size and nature of the service, and ideally, with reference to earlier or future proposals.

**Stage 2. The team carrying out the analysis**

<b>Name</b>	<b>Area of expertise/ role</b>
(Paul Stone (Chair)	Assistant Director of Finance (Financial Management)
Mary Fairman	Assistant Director, Legal Services
John Cowings	Senior Policy Officer, Equalities
Dave Massingham	Director of Property, CST
Angela Beighton	Assistant Director CS
Isobel Fleming	Service Director Comms and Transformation CS
Sarah Eaton	Assistant Director Strategy and Policy CST
Linda Elba-Porter	Service Director ASCH
Dave Massey	Performance and Engagement Officer Place
Mandy Cann	Senior Communications Officer CST

### Stage 3. The scope of the analysis – what it covers

This analysis will examine:

1. The proposed Revenue Budget for Derbyshire County Council for 2022-23
2. Whether the setting of the budget is likely to affect particular groups of service user, residents and staff, and whether these are likely to have protected characteristics and experience other inequality, in line with the requirements of the Equality Act 2010.
3. The issues and feedback provided by the public from consultation carried out in relation to a proposed budget or budget priorities.
4. 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.

### Budget Proposals

The Council's Five-Year Financial Plan (FYFP) has identified that the Council will need to make efficiencies of approximately £8 million in 2022-23, with expenditure at £618.457m for the financial year, which includes £46.596 of additional budget proposals. Over the period of the FYFP, efficiencies of approximately £67m are required in order to balance the budget. This considers departmental services pressures over the medium term including pay awards, changes to statutory requirements and demographic growth.

The Budget proposals below request additional expenditure for 2022-23 in the following areas:

#### **Adult Social Care & Health**

- Demographic Growth - £5.016m

***Total for Adult Social Care & Health = £5.016m***

#### **Children's Services**

- Children in Care Placements - £9.410m
- Support to Vulnerable Children and Young Adults - £1.585m
- Leaving Care Services - £0.629m
- Education Psychology Demand - £0.210m
- Special Needs Home to School Transport - £4.962m
- Mainstream Home to School Transport - £0.518m
- Legal Costs - £1.100m
- Temporary Alternative Childrens Homes Accommodation during Refurbishment - £0.946m
- Social Workers - £0.400m

- Performance Quality and Participation - £0.291m
- Youth Action Grant - £0.125m
- Process Improvement - £0.193m
- Sports and Outdoor - £0.980m
- Elective Home Education - £0.360m

**Total for Children's Services = £21.709m**

#### **Corporate Services and Transformation (CST)**

- Legal Services Child protection – £0.730m
- Legal Services Educational Legal Team - £0.174m
- Organisation Development and Policy Business Change Team - £1.040m
- Organisation Development and Policy Channel Shift - £0.034m
- Organisation Development and Policy Domestic Abuse - £1.417m
- Organisational Development and Policy Community Safety – £0.254m
- Organisation Development and Policy Vision Derbyshire - £0.088m
- Organisational Development and policy Equalities - £0.092m
- Corporate Property Disposal Programme - £0.399m
- Corporate Property Asset Optimisation Corporate Landlord Model - £0.276m
- Corporate Property Modern Ways of Working - £0.182m
- Corporate Property Restructure Funding - £0.397m
- Corporate Property Demolition Budget - £1.100m
- Corporate Property Asset Management - £0.121m
- Finance and ICT Procurement Staff restructure - £0.095m
- Finance and ICT Cloud Storage - £0.400m
- Finance and ICT Delivery Priorities - £0.200m
- Finance and ICT Software Asset Management Tool - £0.087m
- Finance and Centralised procurement - £0.085m
- Finance and ICT Revenue Finance Costs for Capital Bids - £2.925m
- Project Support External Advisors - £3.000m

**Total for CST = £13.096m**

#### **Place**

- Climate Change - £0.463m
- Waterbodies officer - £0.038m
- Million Trees project - £0.113m
- Ash Die Back - £0.270m
- Drainage - £2.626m
- Regeneration Service development - £0.415m
- Major schemes - £2.850m

**Total for Place = £6.775m`**

**Totals for DCC in 2022-23 = £46.596m**



The Council has set out its key priorities for Equality, Diversity & Inclusion and its strategic approach focusses on key pillars of activity which will support the achievement of ambitions to drive forward its Strategic approach to Equality, Diversity & Inclusion.

There are a number of budget proposals that will directly contribute to supporting some of the Councils priorities set out in its Equality, Diversity and Inclusion strategy as detailed below:

**A Diverse & Confident Workforce:**

A number of the budget proposal above will create jobs at a range of different levels throughout the authority, therefore, by creating additional employment opportunities with the County and surrounding areas this should help to improve the diversity of our workforce which will be representative of the community that it services. In addition to the creation of a number of jobs, the following proposals will also support this priority:

- Corporate Property Modern Ways of Working - £0.182m. One aspect of the Modern Ways of Working policy is agile working which can help to improve workplace equality and create inclusive cultures by flexible working. It can help parents to return to work, reduce the gender pay gap, help people with fluctuating health conditions stay in work and help carers to balance their work and caring responsibilities.
- Finance and ICT Cloud Storage - £0.400m driving transformation and providing the infrastructure needed to support Modern Ways of Working which supports this priority as detailed above.

**Employment Skills and Business Support**

Increasing the number and range of employment and skills opportunities to support businesses and improve qualifications across diverse communities to enable a thriving economy that all communities can access. The budget proposals support this priority in the following ways:

- Place - Waterways Officer - £0.038m A new job would be created within the Council.
- Place – Regeneration Service Development - £0.415m and Major Schemes £21.850m creating jobs to ensure the Council and its residents are benefitting from all available grants, also kick-starting capital schemes that can bring forward growth for Derbyshire, providing housing, jobs, and skills.
- Corporate Services and Transformation – Child protection £0.730m, Education Legal Team - £0.174m, Channel Shift - £0.034m, Business Change Team - £1.040m, Domestic Abuse - £1.417m, Community Safety - £0.254m, Restructure Funding - £0.397m, Procurement Restructure - £0.095m and Centralised procurement - £0.085m, these bids will involve jobs being created within the Council which in turn increases the employments opportunities within the County.
- Childrens Services Leaving Care services - £0.629m extension of support offered to care leavers which includes support on training and education, health and financial management which can help to increase employment opportunities.

### **Engaged Communities able to Influence decisions**

Engaging with different and diverse communities to increase the age and range of people from different backgrounds participating in public life resulting in a thriving local economy all communities can access. The following budget proposals help to support this priority as follows:

- Childrens Services Participation - £0.291m to support the service to respond to an increase in statutory complaints and maintain progress in reducing the backlog of outstanding subject access requests.
- Childrens Services Youth Action Grants - £0.125m to support the Manifesto Commitment to deliver Youth Action Grants to voluntary and community groups across Derbyshire.

### **Healthy and Supported People**

Addressing and reduce inequalities in health and the provision of social care and other support to ensure people in Derbyshire are healthy and feel they have the support they need. The budget proposals will help to support this priority in the following ways:

- Adult Social Care & Health - £5.016m to support the increase in the 65+ population, the number of disabled adults accessing services, the increases in cases of early onset of dementia and complexity of needs of cases transitioning from Childrens Services.
- Place - Climate Change - £0.463m, Million Trees project - £0.113m, Ash die back - £0.270m. Air pollution has a significant impact on people who suffer from lung health issues and long-term breathing conditions. There is evidence that people living in deprived areas are twice as likely to die from lung disease than people who live in more affluent areas, with factors like smoking and lower health among the worse off. In addition, the Covid-19 Pandemic has pushed lung health to its limits and has highlighted the devastating impact that repository conditions can have on people's lives, making the vulnerable even more vulnerable. The budget proposals above are all aimed at improving air quality which could help to improve the health of people living with breathing conditions.
- Childrens Services Children in Care Placements - £9.410m to ensure sufficient funding is in place to meet the increase in demand for children needing to go into social care and to ensure the diverse complexity of needs is addressed and met.
- Childrens Services Support to Vulnerable Children and Young People - £1.585m aimed at preventative and alternative care plans for children in need, including those with complex disabilities, enabling children to remain living at home and avoiding care admissions.
- Childrens Services Leaving Care services - £0.629m extension of support offered to care leavers which includes support on training and education, health, and financial management, ensuring they have the support and skills they need to take them forward into their adulthood.
- Childrens Services Education Psychology Demand - £0.210m – ensuring there is sufficient funding for the application of psychology support to children, young people, families, and schools to promote the emotional and social wellbeing of young people.

- Childrens Services Special Needs Home to School Transport - £4.962m to meet the increase costs and demand of children with special educational needs ensuring they have transportation to school. Mainstream Home to School Transport - £0.518m ensuring all children have funding to travel to school if they live outside the statutory walking distance or are from low-income families.
- Childrens Services Legal Costs - £1.100m to meet the increase in cost, demand and complexity of children care proceedings supporting the safety and care of children and young adults.
- Childrens services Sports and Outdoor Education - £0.980m to continue the sports and outdoor education service in 2022-23.
- Childrens Services Elective Home Education - £0.360 to ensure children who are educated at home are safeguarded and their education is suitable.

**Safe and Inclusive Places for Everyone**

Working with partners and communities to respond to discrimination-based hate and abuse ensuring communities are inclusive places where everyone contribution is recognised and celebrated will be achieved by ensuring people feel their communities are safe and inclusive for everyone. The following bids will help to support this priority:

- Corporate Services and Transformation Domestic Abuse - £1.417m to provide emergency accommodation to victims of domestic abuse and their families and development of a long-term commissioning strategy to support victims and tackle the issue.
- Corporate Services and Transformation Community Safety - £0.254m to expand the community safety activity enabling the Council to meet new statutory duties introduced from the Serious Crime Whitepaper.
- The proposed budget for OD and Policy will also ensure that there are sufficient resources to further develop and help deliver the ambitions within the Strategy, including further work to develop engagement with diverse communities, improvements to practice, governance and a greater level of expertise is available to support departments.

**Stage 4. Data and consultation feedback**

a. Sources of data and consultation used

<b>Source</b>	<b>Reason for using</b>
Council Budget Report – February 2022	Annual budget which sets spending and income raising levels for the future financial year
Derbyshire County Council Five Year Financial Plan	Strategic document setting the priorities for the Council in relation to its budget and resources

<b>Source</b>	<b>Reason for using</b>
Derbyshire County Council Budget Consultation for 2022-23 (conducted in November/ December 2021)	Responses received from the public, residents, service users and staff in relation to the budget priorities and the level of income to be raised through Council Tax for the year being analysed.
Derbyshire performance indicator set	Provide context information in relation to levels and quality of services
Workforce data	Provide context information in relation to staffing levels and pay
Previous Revenue Budget reports and completed EIAs reported to Cabinet	Provide cumulative related information – including whether previous savings made in service area/ department
Equality & Human Rights Commission Guidance – various	Clarifies duties and provides good practice advice in relation to PSED and making decisions
Derbyshire Observatory	Demographic, economic and other data

## Stage 5. Analysing the impact or effects

a. What does the data tell you?

<b>Protected Characteristic</b>	<b>Findings</b>
<b>Age</b>	<p>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 care and support are provided primarily by two departments– Adult Social Care and Health, and Childrens 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.</p> <p>The proposals for 2022-23 include important proposed changes that will impact upon people on grounds of their age.</p> <p><u>Older people</u></p> <p>The budget proposed for 2022-23 includes a number of possible savings that could further affect older people, carers and families, including:</p> <ul style="list-style-type: none"> <li>• Better Lives – Working age adults £1.942m</li> <li>• Better Lives - Older Adult’s pathway £7.150m</li> <li>• Reduce Agency Spend - £0.400m</li> </ul>

- Review of contract and commissioning staff - £0.100m
- Review of Business Services - £0.155m
- Review of Housing Related Support Schemes - £0.200m
- Libraries - £0.156m

For older people the most obvious proposals which could result in an adverse impact could come from the Older Adult's pathway and the re-organisation of Library services.

An EIA was undertaken in relation to the pathway redesign which was completed in July 2019.

In relation to the proposed changes to direct care home provision, it is recognised that these proposals potentially affect older and disabled people in particular. These proposed changes have been examined in a full EIA.

The remaining services which are listed could also result in reduced service, access the service or support for older people being curtailed, and reduce the quality of life for older people in Derbyshire.

#### Children and families

The budget for 2022-23 will include a number of significant savings proposals which could affect children, young people, carers and families including:

- Preparation and planning for disabled children - £0.190m
- Future Highways Model - £0.500m
- Waste - £0.100m
- Libraries - £0.156m
- Review of Housing Related Support Schemes - £0.200m

The impact of these proposals could affect a range of different families, depending upon the age, disability status and needs of the children, and whether the Council is involved in caring for or safeguarding children. A number of these services have already made significant savings and been re-organised, so there could also be an important cumulative adverse impact on some families.

The planned changes to the Libraries service will also impact on families and children, potentially reducing opportunities to use the libraries and to access materials for children of different ages.

	<p><u>Potential for impact on older workers within the Council</u></p> <p>A number of proposals may include restructuring of staffing teams, although details are not available at this level of the budget.</p> <p>The Council has an older workforce, with an average age of almost 50 years of age. Wherever possible the authority will try to offer workers who might be at risk the opportunity to retire or leave on a voluntary basis. 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.</p>
<p><b>Disability</b></p>	<p>The functions and responsibilities of the County Council means we provide important services and support to disabled people, carers and the families of disabled people. Some specialist services are targeted at people with sensory impairments, people experiencing poor mental health, people with a learning disability, and people with dementia. Cuts to these services or changes in the way support is provided can have a significant impact on the lives of these customers, their ability to participate in society, their well-being and life chances. Any changes proposed for non-statutory entitlement to bus travel concessions/ support for travel would be likely to impact adversely on disabled people, since the statutory entitlement rules are largely set by national Government.</p> <p>The budget proposals for 2022-23 include a number of savings proposals which could affect disabled people, adults and children, carers and the families of disabled people, including:</p> <ul style="list-style-type: none"> <li>• Working age Adults - £1.942m</li> <li>• Older Adult's pathway - £7.150m</li> <li>• Reducing agency Spend - £0.400m</li> <li>• Preparation and Planning for Disabled Children - £0.190m</li> </ul> <p><u>Disabled workers</u></p> <p>The number of employees who have declared a disability makes up around 3% of the Council's total workforce. This has remained relatively unchanged over the last 10 years.</p>

	<p>Levels of disability vary across departments but are higher in Adult Social Care and Health. Proposals in this department could therefore impact on a disproportionate number of disabled workers. Changes such as relocation, changes to duties and responsibilities, or to terms and conditions, including pay, can also affect disabled employees in a negative way. This can include the disruption which can result from staffing and other changes.</p>
<p><b>Gender (Sex)</b></p>	<p>Many of our direct customers 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 amongst parents 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> <p>Amongst the proposals, the following are likely to impact on women to a greater extent:</p> <ul style="list-style-type: none"> <li>• Working age Adults - £1.942m</li> <li>• Older Adult's pathway - £7.150m</li> <li>• Review of Contracting &amp; Commissioning Staffing - £0.100m</li> <li>• Reduce agency spend - £0.400m</li> <li>• Review of Housing Related Support schemes - £0.200m</li> <li>• Children's Services – Back-office costs - £0.046m</li> <li>• Libraries – £0.156m</li> </ul> <p>Women as mothers/ parents could be adversely affected by proposals such Older women could be affected by the Adult Social Care and Health proposals, having levels of care reduced and other services which enable older people to remain in their own homes.</p> <p><u>Female and male workers</u></p> <p>With women making up almost 80% of employees, and a similar proportion of part-time workers, 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., Libraries.</p>

<p><b>Gender re-assignment</b></p>	<p>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.</p> <p>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.</p> <p>A number of proposals within the budget could potentially have low adverse impact on this group of people including:</p> <ul style="list-style-type: none"> <li>• Libraries - £0.156m</li> <li>• Reducing Agency Spend - £0.400m</li> </ul>
<p><b>Marriage and civil partnership</b></p>	<p>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.</p>
<p><b>Pregnancy and maternity</b></p>	<p>There is much research which has revealed that women who become pregnant can experience discrimination, especially in relation to employment, but also because of attitudes towards issues such as breastfeeding.</p> <p>A range of public health commonly work with expectant mothers and new parent households. Changes to these services could have a significant impact on pregnant or expectant mothers/ households where these individuals or families require support or engage with local services.</p> <p>Recent legislative changes have extended the rights of parents to share parental leave. The Council has developed a clear policy for supporting employees who take shared parental leave.</p> <p>Of the proposals within the budget for 2022-23 it is considered that the following could result in an adverse impact on expectant and new mothers or families taking shared parental leave:</p> <ul style="list-style-type: none"> <li>• Review of Contracting &amp; Commissioning Staff - £0.100m</li> </ul>



	<ul style="list-style-type: none"> <li>• Libraries - £0.156m</li> <li>• Reducing Agency spend - £0.400m</li> </ul>
<p><b>Race</b></p>	<p>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. Only one area within Derbyshire has a BME population which represents more than 10% of the total population, the Stenson Fields area on the edge of Derby City but within the administrative area of South Derbyshire. Chesterfield, Long Eaton and Shirebrook are also known to have identifiable communities of BME people.</p> <p>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.</p> <p>A number of the proposals within the budget plans for 2022-23 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 services. This includes:</p> <ul style="list-style-type: none"> <li>• Working Age Adults - £1.942m</li> <li>• Older Adult's pathway - £7.150m</li> <li>• Review of housing Related Support Schemes - £0.200m</li> <li>• Reduce agency spend £0.400m</li> <li>• Review of Contracting &amp; Commissioning Staff - £0.100m</li> <li>• Preparation and Planning for Disabled Children - £0.190m</li> <li>• Libraries - £0.156m</li> </ul> <p><u>BME employees</u></p> <p>Around 3% 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. This rate is higher in Adult Social Care and Health, but lower in other departments, reflecting the occupational segregation of our BME workers. Re-structuring proposals in Adult Social Care could affect BME representation, if job cuts were to be made in relation to jobs carried out by BME employees.</p>

<p><b>Religion and belief including non-belief</b></p>	<p>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.</p> <p>A small number of the proposals could have an adverse impact upon some people from a religious minority background, including:</p> <ul style="list-style-type: none"> <li>• Working Age Adults - £1.942m</li> <li>• Older Adult’s pathway - £7.150m</li> <li>• Review of housing Related Support Schemes - £0.200m</li> <li>• Reduce agency spend £0.400m</li> <li>• Review of Contracting &amp; Commissioning Staff - £0.100m</li> <li>• Preparation and Planning for Disabled Children - £0.190m</li> <li>• Libraries - £0.156m</li> </ul> <p><u>Employees who follow a faith or religion</u></p> <p>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.</p> <p>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.</p>
<p><b>Sexual orientation</b></p>	<p>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 to 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.</p> <p>This is likely to mean that they will feature amongst all groups of customers but may not self-identify specifically as LGBTQ.</p> <p>Over recent years we have improved the extent to which our services have become aware of the needs that LGBQ people in relation to a number of services or functions of the Council</p>

	<p>It is likely therefore 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 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.</p> <p>A small number of the proposals are believed to have implications for people who are lesbian, gay, bisexual or who identify differently than heterosexual including:</p> <ul style="list-style-type: none"> <li>• Libraries - £0.156m</li> </ul> <p><u>LGBTQ employees</u> 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.</p> <p>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 LGBTQ 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.</p>
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**Non-statutory**

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.
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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.

The following proposals are expected to exercise a significant possible adverse impact of people with fewer resources, or living in deprived communities, including:

- Proposed savings in relation libraries

Social mobility is determined though 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 proposed savings in the budget for 2022-23 could further limit some aspects of social mobility. This will include savings in relation changes to older and disabled people's care and other services. That said, 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.

<p>Rural</p>	<p>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 staff 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.</p> <p>Proposals which could lead to a reduction or the removal of services in the county’s rural areas can have a large negative impact upon the sustainability and resilience of rural communities, and cause significant difficulties for poorer or less mobile residents.</p> <ul style="list-style-type: none"> <li>• Working Age Adults - £1.942m</li> <li>• Older Adult’s pathway - £7.150m</li> <li>• Review of housing Related Support Schemes - £0.200m</li> <li>• Reduce agency spend £0.400m</li> <li>• Review of Contracting &amp; Commissioning Staff - £0.100m</li> <li>• Preparation and Planning for Disabled Children - £0.190m</li> <li>• Libraries - £0.156m</li> <li>• Future Highways Model - £0.500m</li> </ul> <p>The Council employs people from across Derbyshire, including many people who live in its rural areas. The extent to which job losses amongst workers will impact on rural communities is un-researched.</p>
<p>Other groups of people and businesses</p>	<p><u>Businesses in Derbyshire</u></p> <p>A number of the proposals 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.</p>

This could have a negative impact on the local economy during a difficult economic outlook as the Council looks to recover from the Covid-19 pandemic supporting regeneration across the region and the continued decline of the high street.

The Council has supported businesses during the pandemic ensuring prompt payment of goods and services and implementing a hardship fund.

How expenditure takes place in relation to regional and local economic development support is also of relevance. Including the priorities and eligibility criteria fixed for businesses seeking to access help and support. The Council's relative success in attracting investment into Markham Vale does not necessarily benefit businesses in other areas of Derbyshire.

#### Public and private partners

A number of the proposals could lead to changes in procurement and commissioning arrangements, or affect the Council's capacity to work with public and other partners, including:

- Working Age Adults - £1.942m
- Older Adult's pathway - £7.150m
- Review of housing Related Support Schemes - £0.200m
- Reduce agency spend £0.400m
- Review of Contracting & Commissioning Staff - £0.100m
- Preparation and Planning for Disabled Children - £0.190m
- Libraries - £0.156m
- Future Highways Model - £0.500m

In a number of the proposals (which have become more detailed and are now being consulted upon) assumptions have been included which expect service reductions or re-organisation to be aided or mitigated by services from the community and voluntary sector. There are few signs in these reports which establishes that the sector can do all of this, nor are there indications that funding will be increase to this sector to enable them to develop the capacity or resources to do so.

- b. What does customer feedback, complaints or discussions with stakeholder groups tell you about the impact of the policy, practice, service or function on the protected characteristic groups?

The consultation completed asked the public a small number of questions and used the Council Plan priorities as the basis for priority area expenditure. As some distinct communities are not easily visible or represented within these priorities, this makes analysis of the consultation responses more difficult to interpret in relation to the nine protected characteristic groups.

The consultation only resulted in one comment that was related to Equality, the comments suggested that additional Focus Groups should be targeted at different groups including age, gender and race to understand what is and isn't working for specific groups of people.

<b><i>Protected Group</i></b>	<b><i>Findings</i></b>
Age	<p>When the public was asked which priorities it supported, a number of those selected support looking after older people (this being fifth of priorities requested) and providing support for vulnerable children and families (ninth). This perhaps also reflects the work of our two largest spending departments Adult Social Care and Health and Children's Services. The average age of respondents was 56 years, with the youngest being 16 and the oldest 90.</p> <p>A total of 33 residents also took part in five online focus groups where the average age was 63 years.</p> <p>There were some comments received regarding road maintenance and potholes. Whilst we cannot distinguish which age group made these comments we do know that Men aged 34-54 drive the most miles in the UK at almost 19,000 annual miles, therefore we can assume that it is likely this age group are more interested in the maintenance of roads.</p>
Disability	<p>The recent public consultation asked those taking part to indicate if they have a disability, so it is possible to review feedback in relation to people who have a disability and those who indicated they did not. Of those who took part 17% of respondents indicated they had a disability, slightly lower than as a percentage of the adult population with a disability or long-term illness (the definition used within the Census).</p>

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	<p>No specific questions were asked in relation to mental health so it difficult to tell from the consultation whether the public would see investing in mental health services as a distinct priority. It could be expected that the strong support for expenditure which supports and encourages healthy lifestyles will impact positively on some areas of disability, including mental health. However, there were some general comments about the importance of health and wellbeing.</p>
Gender (Sex)	<p>Of those who responded, there was relatively even split of 49% male and 51% female.</p> <p>This is similar to the previous year but a change from previous years where the respondents have tended to be from female residents. Comments from the consultation tended to be gender neutral it was not possible to distinguish from which gender they came from.</p>
Gender reassignment	<p>People who have or are undergoing gender re-assignment will feature amongst the population of Derbyshire who had opportunities to participate, and may well feature amongst those who have responded.</p> <p>It is not possible to identify specific impacts on the basis of gender re-assignment from the consultation which has been carried out.</p>
Marriage and civil partnership	<p>Those participating were not asked to indicate if they had this protected characteristic. This is not believed to have been a factor which would significantly determine impact and as such opinion within the budget consultation.</p> <p>However, amongst the support for specific priorities, there was support for investing in services which support families and children, and keeping children safeguarded.</p>
Pregnancy and maternity	<p>Those participating were not asked to indicate if they had this protected characteristic.</p> <p>There was support amongst those who took part for services for families and children, and for work which supports healthy lifestyles, both of which are likely to be specifically relevant to expectant parents and newly born children.</p>
Race	<p>Those participating were not asked to indicate if they had this protected characteristic.</p> <p>From the responses received it is not possible to identify specific views from our BME communities in relation to the budget consultation.</p>



	<p>However, there was a focus group with the Black Minority Ethnic Forum, which highlighted an interest in a more improved public transport network for social, work and daily tasks. This was reflected more widely in this focus group than in the others that were carried out.</p>
Religion and belief including non-belief	<p>Those participating were not asked to indicate if they had this protected characteristic.</p> <p>From the responses received it is not possible to identify specific views from our religious minority communities in relation to the budget consultation.</p>
Sexual orientation	<p>Those participating were not asked to indicate if they had this protected characteristic.</p> <p>From the responses received it is not possible to identify specific views from people who are LGBTQ in relation to the budget consultation. From previous consultations with organisations representing LGBTQ people it is still believed that investment in community safety and public health services can feature as a priority with LGBTQ people, although they are just as likely to be supportive of expenditure on looking after older people, support for younger people and issues such as jobs and the economy, the environment, road and transport and tourism and the visitor economy as non LGBTQ people.</p>

**Non-statutory**

Socio-economic	<p>Those participating were not asked to indicate if they had this protected characteristic.</p> <p>A total of 21% of respondents supported help for older adults and 17% in economic regeneration. Those who support expenditure on looking after older and vulnerable people may also be highly represented amongst respondents from disadvantaged communities, since these services can be more important to poorer older people. It should also be recognised that many people with disabilities, including those with learning disabilities are likely to have lower incomes and more likely to experience economic disadvantage.</p> <p>The support for economic regeneration is perhaps a reflection of the current economic situation faced by the UK as a result of the Covid-19 pandemic. Unemployment in Derbyshire has decreased over the past 2 months, it is however still higher than in previous years, with the claimant count (as of November 2021) being 3.1% compared to 4.6% as of November 2020 and 2.2% in November 2019.</p>
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Rural	<p>From the consultation responses it is possible to identify the proportion of respondents who supported investment in improving access to rural services, those who supported investment into the environment and those supporting road maintenance and repairs expenditure (although this does mean all supporters were rurally based).</p> <p>Some 41% supported investment in roads, 28% in the environment, and 19% in countryside services, much of which benefits the Peak District and Derbyshire's more rural areas.</p>
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- c. Are there any other groups of people who may experience an adverse impact because of the proposals to change a policy or service who are not listed above?

<p>The Council spends a significant amount of its budget buying, procuring and commissioning services from local businesses, charities, partners and other organisations based in Derbyshire and elsewhere.</p> <p>Proposals which seek to alter whether a service is purchased in this way, perhaps by bringing a service in-house, or by placing a service out within a tendering process, can result in negative or positive impacts for these organisations. Where the amount we have to spend with other companies or organisations is reduced, this can lead to unintended consequences for them, reducing income, affecting their futures and leading to reductions in the number of people they employ.</p> <p>Increasingly services identifying a role for the community and voluntary sector within their proposals that involve these organisations and volunteers directly delivering some services. To be able to do this successfully, services need to be clear about whether this capacity already exists or whether they will need to help- develop this, and on the time and levels of resources that would be required.</p> <p>Within the responses received to spending priorities it is clear that motorists have featured amongst those who took part. One of the highest levels of support was for expenditure on roads maintenance/ repair. This level of support has been repeated each time consultation has taken place in relation to the budget or Council priorities. This type of expenditure is universally important. Support for social care services has also featured highly over repeated consultations in recent years.</p>
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- d. Gaps in data

What are your main gaps in information and understanding of the impact of your policy and services? Please indicate whether you have identified ways of filling these gaps.

Gaps in data	Action to deal with this
<p>Data in relation to the protected characteristics of race and ethnicity, religion and belief including non-belief, marriage and civil partnership, pregnancy and maternity, sexual orientation and gender re-assignment in relation to customer and consultation data.</p>	<p>Review how data can be improved before next year's budget analysis, including by designing in further ways to engage with communities and groups, and to consult across a wider range of protected characteristics over budget proposals.</p>
<p>Consultation feedback disaggregated by protected characteristics of race and ethnicity, religion and belief, sexual orientation, and gender re-assignment status.</p>	<p>The 2021 Census that took place asked monitoring questions for the first time, once the results are available in 2022, we will have a much more detailed picture of communities which will provide improved data in relation to the protected characteristics. In addition, the new Equality, Diversity and Inclusion Strategy will include work to update and improve our knowledge and understanding of our diverse communities.</p>

**Stage 6. Ways of mitigating unlawful prohibited conduct or unwanted adverse impact, or to promote improved equality of opportunity or good relations**

It is important that departments engage genuinely in consultation with residents, people who use our services, partners and staff, in case they have ideas or suggestions which could help reduce or avoid adverse impacts for the people of Derbyshire or specific groups of service users.

This could be alternative ways of delivering the proposed service, seeking out other sources of funding, or the improved management of performance so that more can be gained for less, avoiding wastage or overcharging.

The process is intended not to be fixed, and the authority is required to consider ideas which might mitigate against adverse outcomes. In some cases it may be possible to identify other resources, but this may also mean that other services will need to be cut or reduced instead.

In terms of mitigating against adverse impacts arising out of these budget proposals, it is expected that each proposal will be covered by a detailed equality impact analysis and that these should, having identified in more detail, the nature of any impact, will identify and outline the proposed measures that will be taken to mitigate against unwanted and adverse impacts.

### Stage 7. Do stakeholders agree with your findings and proposed response?

Consultation carried out with the public and other stakeholders did not at this stage cover specific proposals.

As proposals are worked up and made subject to consultation, more detailed and direct or targeted consultations will take place to ensure more detailed information is obtained to inform each EIA and report to Cabinet/ Council.

### Stage 8. Main conclusions

The budget proposals for 2022-23 will impact directly on frontline services. The savings identified are likely to have the most direct adverse impact on older, younger and disabled people, reducing levels of service and support, especially for those with lower and medium levels of need. The proposals will also see further movement towards a position of providing statutory services and support, in which services respond or intervene to avoid safeguarding and other risks.

The areas identified within the Five-Year Plan for savings in 2022-23 will mean a likely adverse impact for:

- Older people using care and support services, which is likely to include those with higher levels of need, and people living with dementia
- Women as service users and employees
- Disabled people requiring support and care
- The general public who use libraries (which will include people from all protected characteristic groups)
- People who may be vulnerable or subjected to abuse or harassment due to age, disability, gender, sexual orientation, gender identity, race or religion and belief.
- Groups using health and advice services commissioned by the Public Health Team (often vulnerable groups of people or people living in poorer communities)
- Potentially poorer and vulnerable people living in rural communities, including where local public and other transport may be affected.

As many of the savings are likely to be achieved by reducing staffing costs or numbers, through restructuring and service redesign, employees, especially female and older employees are expected again to be impacted, potentially in a negative way.

The nature of the list of proposed savings also limits the potential for making choices or to prioritise services, based on needs. The information available does not suggest that an exercise will take place to determine priorities or give much room for Members to reject proposals, without a need to find further savings elsewhere.

The detailed proposals will need to be subject to a more localised and focused equality impact analysis, to ensure that the detailed proposals are properly assessed, and opportunities for mitigation identified. The new Equalities, Diversity and Inclusion strategy will further develop our knowledge of our communities and seek to improve and address gaps in engagement. Together these and other potential actions could enable the Council to obtain a much more detailed picture of needs and priorities in the future, including by encouraging greater participation.

**Stage 9. Objectives setting/ implementation**

<b>Objective</b>	<b>Planned action</b>	<b>Who</b>	<b>When</b>	<b>How will this be monitored?</b>
Ensuring fair decision-making, including when deciding upon detailed proposals to meet budget requirements	All detailed proposals requiring formal decision to be accompanied by a detailed equality impact analysis	All departments	As proposals made and considered	Monitoring exercise in April 2022
Ensure that affected groups and communities will have a full opportunity to consider and be consulted upon detailed proposals to aid budget implementation	All detailed proposals requiring formal decision to be accompanied by a detailed and appropriate consultation, including by consulting with groups identified as likely to experience impact.	All departments	As proposals made and prior to formal decision-making process	Monitoring exercise in April 2022
Ensure that proposals affecting employees are made available for consultation	In addition to formal consultation under policies in relation to redeployment or redundancy, proposals affecting employees are subject to consultation with affected staff and the Trade Unions	All departments	Before being finalised	Through Trade Union and management meetings
Improve participation in budget consultation	Prior to the 2023-24 budget review and revise, as necessary, the methods for consulting over the proposed budget, including by asking differently/ focusing on actual budget choices rather than Council Plan priorities	Led by Finance with department support	2022	Analysis of who takes part  Redesign of consultation and more use of focus groups and community groups
Continually Improve the focus of consultation to gain better information.	Alter the approach and design of consultation on the budget to focus on likely areas where there will be proposed savings	Led by Policy and Research and Legal Services	2022	Redesign of consultation content

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<p>Improve post implementation monitoring of impact</p>	<p>Departments to carry out post implementation monitoring and use to feed into future decisions</p> <p>Development of post implementation customer surveys/ consultation.</p>	<p>Improvement and Scrutiny</p> <p>Policy and Research/ Departments</p>	<p>2022</p>	<p>I &amp; S review of how agreed proposals implemented and monitored.</p>
<p>Continue to identify opportunities to improve customer and service user data to aid future analysis.</p>	<p>Continue to develop customer segmentation, service user, and customer satisfaction and performance data.</p> <p>Review equality monitoring in light of changes to national monitoring introduced in the 2021 Census, to better enable comparison between demographic and customer data to take place.</p>	<p>Departments Policy &amp; Research Human Resources</p>	<p>2022</p>	<p>Evidence of improved data and understanding of impact and ability to complete cumulative impact analysis/ monitoring.</p>

### **Stage 10. Monitoring and review/ mainstreaming into business plans**

Please indicate whether any of your objectives have been added to service or business plans and your arrangements for monitoring and reviewing progress/ future impact?

Departments will need to consider a range of actions which enable them to monitor the actual impacts which come out of implementing proposals and to use this learning to shape future decision making. This information will also need to be shared across the organisation so that the Council can continue to develop cumulative analysis of impacts on people with a protected characteristic.

### **Stage 11. Agreeing and publishing the completed analysis**

Completed analysis approved by \_\_\_\_\_ on \_\_\_\_\_

Where and when published?

With report recommending adoption of budget.

### **Decision-making processes**

**Where linked to decision on proposals to change, reduce or withdraw service/ financial decisions/ large-scale staffing restructures**

**Attached to report (title):**

**Date of report: 17 January 2022**

**Author of report: Assistant Director of Finance (Deputy s.151 Officer)**

**Audience for report e.g. Cabinet/ date: 24 January 2022**

**Web location of report:**



**Outcome from report being considered**

**Details of follow-up action or monitoring of actions/ decision undertaken**

**Updated by:**

**Date:**