

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

2 February 2023

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

Revenue Budget Report 2023-24
(Corporate Services and Budget)

1. Divisions Affected

1.1 County-wide.

2. Key Decision

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

3 Purpose of the Report

3.1 To make proposals to Full Council regarding the Revenue Budget and Council Tax for 2023-24. This report should be read alongside the following reports to this meeting: the Budget Consultation Results Report for 2023-24, the Reserves Position and Reserves Policy Report and the Capital Programme Approvals, Treasury Management and Capital Strategies for 2023-24 Report.

4 Information and Analysis

4.1 Introduction

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 2023. 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, details of the Autumn Statement 2022, 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.

The report is drafted in the context of:

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

4.2 Forecast Revenue Outturn 2022-23

4.2.1 The Revenue Budget 2023-24 is set in the context of the current in-year financial position. The forecast outturn for 2022-23 as at Quarter 2 (30 September 2022), compared to controllable budget, was reported to Cabinet on 8 December 2022 and is summarised below. The forecast outturn table shows the position net of the impact of the ring-fenced Dedicated Schools Grant (DSG) of £389.554m and Public Health grant of £43.803m, other ring-fenced grants and income from other third parties and their associated spend.

	Budget	Use of DLUHC Covid-19 Grant Funding	Adjusted Budget	Forecast Actuals	Projected Outturn	Budget Performance
	£ Millions	£ Millions	£ Millions	£ Millions	£ Millions	
Adult Care	264.780	0.000	264.780	280.400	15.620	
Children's Services and Safeguarding and Education	146.161	0.000	146.161	150.016	3.855	
Clean Growth and Regeneration	0.848	0.000	0.848	0.679	-0.169	
Corporate Services and Budget	59.928	0.695	60.623	63.110	2.487	
Health and Communities	9.925	0.000	9.925	9.158	-0.767	
Highways Assets and Transport	37.792	0.000	37.792	39.626	1.834	
Infrastructure and Environment	45.984	0.000	45.984	48.111	2.127	
Strategic Leadership, Culture, Tourism and Climate Change	13.493	0.000	13.493	13.736	0.243	
Total Portfolio Outturn	578.911	0.695	579.606	604.836	25.230	
Risk Management	24.598	0.000	24.598	7.244	-17.354	
Debt Charges	38.185	0.000	38.185	37.361	-0.824	
Interest and Dividend Income	-4.600	0.000	-4.600	-6.458	-1.858	
Levies and Precepts	0.363	0.000	0.363	0.363	0.000	
Corporate Adjustments	3.424	0.000	3.424	3.102	-0.322	
Unfunded Pay Award	0.000	0.000	0.000	13.000	13.000	
Total Outturn	640.881	0.695	641.576	659.448	17.872	
Use of Earmarked Reserves	17.872	0.000	17.872	0.000	-17.872	
Total After Use of Earmarked Reserves	658.753	0.695	659.448	659.448	0.000	

4.2.2 An overall Council overspend of £17.872m is forecast, after accounting for the use of £0.695m 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 is funding from the remaining balance of the Covid-19 general emergency funding at 31 March 2022, amounting to £15.370m, which has been carried forward to 2022-23 in an earmarked reserve. The forecast also includes the use of £7.651m from departmental reserves to support the Highways Assets and Transport and Infrastructure and Environment portfolios. However, the Council will use some of the balances on its Budget Management, Covid-19 and Inflation Earmarked Reserves to report a break-even position as shown in the table below. It is anticipated that, after these amounts have been drawn, a balance on the Covid-19 reserve will remain available for future use. Whilst the use of earmarked reserves, in-year, will result in the Council reporting a break-even position, the impact of the unfunded pay offer, demand pressures and inflationary costs are addressed as part of the budget setting process for 2023-24 as the effect will be an ongoing cost pressure – details of this are set out later in this report.

Reserve	Balance Available £m	Use to fund identified Covid impacts £m	Use to fund overspend £m	Residual £m
Inflation Risks Budget	10.000	0.000	6.200	3.800
Management Covid Emergency Grant	10.000	0.000	10.000	0.000
	15.370	0.695	1.672	13.003
	35.370	0.695	17.872	16.803

4.2.3 Of the forecast £25.230m portfolio overspend, the significant variances are:

- an overspend of £15.620m on the Adult Care portfolio;
- a £1.834m overspend on the Highways Assets and Transport portfolio, after the use of £4.884m of departmental earmarked reserves;
- a £2.127m overspend on the Infrastructure and Environment portfolio, after the use of £2.767m of departmental earmarked reserves;
- a £3.855m overspend on the Children’s Services and Safeguarding and Education portfolios; and
- a £2.487m overspend on the Corporate Services and Budget portfolio.

- 4.2.4 The forecast £15.620m overspend on the Adult Care portfolio relates to Purchased Services costs. There has been an increase in demand in relation to hospital discharges and because there is an insufficient supply of home care and reablement services, this has driven increased placements into residential homes rather than into care at home. As a result, expenditure on independent sector placements has increased. The forecast includes inflationary pressures of £1.700m in respect of Direct Care utilities and catering supplies.
- 4.2.5 The forecast £1.834m overspend on the Highways Assets and Transport portfolio mainly relates to unachieved savings from previous years, additional costs arising from an increase to the workforce assigned to routine highways maintenance, and under-recovery of highways staff and overheads recharged to schemes. The forecast includes £1.200m of inflationary pressures. This forecast is after the use of £4.884m of departmental earmarked reserves.
- 4.2.6 The forecast £2.127m overspend on the Infrastructure and Environment portfolio has mainly arisen due to unachieved savings from previous years, £1.500m of inflationary pressures in the Waste Management service and unfunded posts of staff working on the Elvaston Master Plan. This forecast is after the use of £2.767m of departmental earmarked reserves.
- 4.2.7 The forecast £3.855m overspend on the Children's Services and Safeguarding and Education portfolios is partly due to a continued high demand for placements for children who are in care or unable to remain at home. The number of children requiring support is growing because the rate at which children enter care is greater than the rate at which children exit care, and because alternatives to care often require long-term financial support, leading to a growing number of arrangements to fund. Average cost increases are due to inflation and the need to make more higher cost placements with independent providers. Other factors contributing to the overspend include the impact of the 2022-23 pay award and inflation on traded and grant funded services within Education Support Services, the cost of covering vacancies in Children's Safeguarding services with agency social workers and supporting children with complex needs to remain with their families or maintain their current care placement. There is also an increase in the number of children who are eligible for Council-funded transport and an increase in average cost, with the increase in cost being due to both economic factors affecting contractors, and an increased need for more specialised vehicles to transport individual children.
- 4.2.8 The Children's Services and Safeguarding and Education portfolios forecast includes inflationary pressures of £0.898m, comprising £0.476m of energy costs, £0.335m of food costs and £0.087m of transport and fuel costs, excluding Home to School Transport which is covered by specific contingency budgets. Not all of these costs will be

met from Council budget, as a number of services are funded by trading or grant income, however potentially this may impact on the contribution those services can make to corporate overheads.

- 4.2.9 The Council plans to support the Children's Services and Safeguarding and Education portfolios 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 pressures on looked after children are likely to level off by 2023-24. Analysis of current placement commitments, demographics and historic trends gives placements cost estimates ranging from £0.7m below to £2m above this forecast. There is also the potential for further increases in the number of children requiring placements or increases in average placement costs, giving an upper estimate of £4m above the forecast. A contingency budget is held to meet these potential pressures, and a balance of £1.182m would remain if the current forecast overspend of £2.040m is funded from this budget. It is considered likely that placement costs will increase during 2022-23 and may exceed the contingency budget. A contingency budget is also held to meet the potential pressures of a further increase in the number of children eligible for transport, or further increases transport costs, and a balance of £1.919m would remain for mainstream and special needs Home to School Transport costs, if the current forecast overspend of £0.561m is funded from this budget. It is considered likely that costs will increase during the year but that it is unlikely these would exceed the contingency budget.
- 4.2.10 The forecast £2.487m overspend on the Corporate Services and Budget portfolio has mainly arisen in the Corporate Property division, primarily because of delays in achieving previously allocated savings. These savings are expected to be achieved over the coming years through rationalisation of the property base, with a consequent reduction in property running costs, and borrowing savings through use of the capital receipt to offset the need to borrow to fund the capital programme. PSP Derbyshire LLP will be the principle vehicle for delivering the savings. There is underachievement of the Industrial Development income target, which is based on full occupancy. Full occupancy cannot be achieved as vacancies occur during the turnover of lettings, and some units are offered at rents below market rates for occupying charities. There is a further cost pressure related to incurring running costs on buildings that are awaiting disposal or repurpose. The forecast also includes estimated gas and electricity inflation, at 300% and 100% respectively, of £1.806m.
- 4.2.11 There is a forecast underspend on corporate budgets in 2022-23. The underspend on the Risk Management budget relates mainly to £7m of contingency funding shown as available to support expenditure which has been included in portfolio forecasts. There was also a £5m

adjustment for Business Rates income. Business Rates income in 2021-22 was significantly reduced because of the impact of Covid-19 and the extent of recovery was uncertain at the time the Revenue Budget 2022-23 was set, with amounts finalised after. In addition, £4m relates to additional non-ringfenced grants and £1m to service pressure funding returned by a portfolio following receipt of grant income, all announced after the 2022-23 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. Interest income includes interest accrued on the loan advances to Buxton Crescent Ltd. A small underspend on Corporate adjustments is forecast.

4.3 Autumn Statement 2022

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

4.3.2 The Office of Budget Responsibility's (OBR) Economic and Fiscal Outlook was published alongside the Autumn Statement. The impact of the Covid-19 pandemic on the UK economy has been significant, as has the UK's response to the conflict in Ukraine and the rising costs of living. Inflation was expected to be 9.1% in 2022, 7.4% in 2023 and 0.6% in 2024. The International Monetary Fund (IMF) expects that a third of the global economy will fall into recession in 2022 or 2023 and high inflation has led the OBR to forecast a UK recession starting in the third quarter of 2022. Gross Domestic Product (GDP) is expected to be 4.2% for 2022 but -1.4% for 2023, then higher from 2025 onwards.

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

- Local authorities will have additional flexibility in setting Council Tax, with the referendum limit for setting general Council Tax being increased to 3% each year from April 2023. In addition, local authorities with social care responsibilities, such as the Council, will be able to increase the Adult Social Care Precept (ASC Precept) by up to 2% per year. For the Council, a referendum would be triggered for a Council Tax increase of 5% and the maximum increase permitted without a referendum is 4.99% (which is either a 2.99% general increase and a 2% ASC Precept increase, or a 3% general increase and a 1.99% ASC Precept increase).
- Social Care charging reforms are delayed for two years to October 2025. Funding for implementation will be maintained, to enable local authorities to address current adult social care pressures and will be allocated through the Social Care Grant.

- £2.8bn in 2023-24 and £4.7bn in 2024-25 is being made available to help support adult social care and discharge. This includes £1bn of new grant funding in 2023-24 and £1.7bn in 2024-25. Sums of £600m in 2023-24 and £1bn in 2024-25 of new funding will be distributed through the Better Care Fund to get people out of hospital on time into care settings, which will be split 50:50 between local authorities and the NHS.
- Sums of £400m in 2023-24 and £680m in 2024-25 of new funding will be distributed through a new grant ring-fenced for adult social care, which will also help to support discharge. In addition to this new funding, £1.3bn in 2023-24 and £1.9bn in 2024-25 of repurposed Reform Funding will be distributed to local authorities through the Social Care Grant for adult and children's social care.
- Utilising additional Council Tax flexibility of 2% (1% additional ASC Precept and 1% on general Council Tax) is calculated to contribute £0.7bn in 2023-24 and £1.3bn in 2024-25.
- There will be a £1bn extension of the Household Support Fund to 2023-24, to deliver support with the cost of essentials to households.
- Local Authorities will be fully compensated for the loss of income as a result of business rates measures announced, including freezing the Business Rates multiplier. There will be additional compensation for under-indexation.
- Without knowing what the individual funding allocations are likely to be beyond 2023-24/2024-25 there is uncertainty as to what this means for the need for further austerity measures from 2025-26.

4.4 Local Government Finance Settlement

- 4.4.1 Details of the Provisional Local Government Finance Settlement 2023-24 (Provisional Settlement) were published on 19 December 2022, following publication of a Policy Statement on 12 December 2022.

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

Publication marked the start of a four-week consultation period. The Interim Director of Finance & ICT submitted the Council's response to the Provisional Settlement ahead of the deadline for responses, which was 16 January 2023, following consultation with the Cabinet Member for Strategic Leadership, Culture Tourism and Climate Change, Cabinet Member, Corporate Services and Budget, and the Managing Director. A copy is attached at Appendix Three.

Details of the Final Settlement are expected to be published by early February 2023. This may be after the Council has formally set its budget and Council Tax on 15 February 2023. 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 Statement, headlines from the Policy Statement, Provisional Settlement and associated Technical Consultation, and later announcements, are:

- An average 9.2% increase in local government core spending power to help councils deal with inflationary and other cost pressures in 2023-24 (Core Spending Power measures the core revenue funding available for local authority services, including Council Tax and locally retained business rates). This increase assumes that councils will raise their Council Tax by the maximum permitted without a referendum, which for the Council is 4.99% (which is either a 2.99% general increase and a 2% ASC Precept increase, or a 3% general increase and a 1.99% ASC Precept increase).
- £100m of additional funding to support the most vulnerable households, delivering additional support to the 3.8 million households already receiving Council Tax support.
- Four grants with a total value of £239m consolidated into the Settlement. The Council receives two of these grants; the Food Safety and Standards Enforcement grant will be rolled-up into the Revenue Support Grant (RSG) and the Independent Living Fund grant will be rolled-up into the Social Care Grant.
- Confirmation that a Business Rates revaluation will come into effect in 2023. This revaluation updates rateable values which are used to set new business rates bills. The Government has committed to ensuring that no local authority suffers from gains or losses due to the revaluation, or from transfers from local lists to the central list. Subsequent adjustments will be made in 2024-25 and 2025-26 once updated data is available.
- From 2023-24 onwards compensation payments for the under-indexation of the Business Rates multiplier will use Consumer Price Index (CPI) inflation rather than the higher Retail Price Index (RPI) inflation. This was legislated for in 2018 but until now has not been reflected in the business rates retention system. Initial indications are that pre 2023-24 compensation payments will continue to use RPI.
- Further to funding announcements in the Autumn Statement, clarification of the Council's allocation in respect of the increased £3.9bn Social Care Grant for adults' and children's social care, and new specific adult social care grant allocations in respect of the £300m Discharge Fund Grant (£5.010m to be pooled as part of the Better Care Fund), and the £562m Market Sustainability and Improvement Fund Grant (£8.494m allocation for the Council). The Government will set out further details on the conditions of this specific grant funding and any reporting requirements in respect of performance and improvement against objectives in due course. No change to improved Better Care Fund allocations.
- The Services Grant will reduce to fund other areas of the Settlement.

- The future position of the New Homes Bonus (NHB) grant will be set out before the 2024-25 Local Government Finance Settlement. The method for calculating NHB has not changed from 2022-23 and new payments will not attract legacy payments.
- Allocations of the Public Health Grant are expected to be announced early in 2023.
- An additional £1.5bn in schools block funding and £400m in High Needs funding for 2023-24 in the Dedicated Schools Grant (DSG) announcement. As part of this increase, mainstream schools will receive a new Mainstream Schools Additional Grant. This equates to a 3.4% increase in per pupil funding, on top of the allocations through the DSG. Pupil premium per pupil rates will increase by 5% in 2023-24. An additional £20m of funding for early years entitlements, on top of £180m for 2023-24 announced at the Spending Review, was announced to address National Living Wage (NLW) increases. The statutory override for the accounting treatment of DSG positions will be extended for the next three years from 2023-24 to 2025-26. The override was due to expire at the end of March 2023.
- Encouragement for local authorities to consider how they can use their reserves to maintain services in the face of immediate inflationary pressures, taking account of the need to maintain appropriate levels of reserves to support councils' financial sustainability and future investment.
- The core settlement will continue in a similar manner in 2024-25 and major grants will continue as in 2023-24. RSG for 2024-25 will increase in line with September 2023 CPI. Business Rates pooling will continue. The Social Care Grant and other social care grants will increase as set out in the Autumn Statement.
- The Fair Funding Review and the Business Rates reset will not be implemented in this Spending Review period, although the Government 'remains committed to improving the local government finance landscape in the next Parliament'.

Future Funding Levels

4.4.3 A multi-year settlement provides local authorities with some certainty, supporting medium-term financial planning and financial sustainability. The Provisional Settlement has provided individual grant allocations for 2023-24 only. Whilst the quantum has been confirmed for 2024-25 as part of the Autumn Statement announcements, detailed allocations are unlikely to be confirmed until December 2023.

It is disappointing that the Provisional Settlement has failed to announce a true multi-year settlement, as it constricts the flexibility of local authorities to balance budgets across the medium term. The local government sector has implored Government for a multi-year settlement. The Secretary of State for Levelling Up, Housing and

Communities announced on 28 June 2022 that there would be a two-year funding settlement from 2023-24. However, despite the signals, 2023-24 will be the fifth 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:

	2022-23 allocations £m	2023-24 allocations £m
Revenue Support Grant	14.231	15.714
Business Rates Top-Up	94.892	97.774
Business Rates – Local*	14.722	15.365
	123.845	128.853

*2022-23 Business Rates – Local - updated for final 2022-23 estimates.

- Revenue Support Grant (RSG)** – The Council’s RSG has increased from £14.231m in 2022-23, to £15.714m in 2023-24, in line with the increase CPI inflation of 10.1% at September 2022, but before inclusion of grants newly rolled-up into RSG for 2023-24. These grants include the Council’s Food Safety Enforcement Grant, which will be maintained for 2023-24 at its 2022-23 cash level (£0.020m). There is no change to the distribution methodology of RSG from that used in 2022-23.
- Business Rates Top-Up** – The Council’s Business Rates Top-Up has increased from £94.892m in 2022-23, to £97.774m in 2023-24. The Government has frozen the Business Rates multiplier for 2023-24. However, the ‘Business Rates Capping’ grant has increased to compensate for the under-indexation of the multiplier. Taken together, the increase in the Business Rates Baseline Funding Level (which is the amount of an individual authority’s 2013-14 Settlement Funding Assessment provided through the local share of retained business rates income, updated for inflation) and the Business Rates multiplier under-indexation grant (‘Capping Grant’) for 2023-24 provide an increase of 10.1%.

- **Business Rates – Locally Retained** - The figure for Local Business Rates shown in the table above of £15.365m is the Council's high-level estimate of its Derbyshire business rates income for 2023-24, based on previous years' income and the assumption that there will be a 2% growth in local business rates taxbase in 2023-24 but a deficit on the collection fund of £3.000m (2022-23: £3.283m deficit).

At the time of drafting the report, no 2023-24 business rates estimates have been received from the billing authorities. Billing authorities have until 31 January 2023 to provide the Council with the final estimates for 2023-24 growth to be used in setting the budget. The Council receives 9% of business rates collected locally.

A verbal update of the business rates income forecast will be provided at this meeting, when further information will have been received. As a result, the Council's estimate of locally retained business rates income could change. Any changes to the figure shown in Appendix Two will be managed through the Risk Management Budget or use of reserves.

New Homes Bonus (NHB)

4.4.5 The NHB grant is aimed at encouraging local authorities to grant planning permission for the building of new houses and then share in the additional revenue generated. The allocations tend to favour councils with lower tier responsibilities. The method for calculating NHB is the same as in 2022-23. However, in 2023-24 the NHB grant no longer contains any legacy payments but does continue to include single year payments. As a result of this, the 2023-24 payment for local authorities, of £291m, is £263m less than in 2022-23, and the Council's allocation has correspondingly reduced, from £1.868m in 2022-23, to £1.106m in 2023-24.

General Grant

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

	2022-23 £m	2023-24 £m
Social Care Grant	37.628	61.318
Improved Better Care Fund (iBCF)*	35.733	35.733
Business Rates Capping*	17.480	19.947
Services Grant	7.781	4.385
Homes for Ukraine*/***	10.500	0
Bus Service Improvement Plan*	6.510	11.466
Independent Living Fund*/+	2.534	0
Extended Rights to Free Travel*/***	1.614	1.614
Domestic Abuse Duties*	1.475	1.505
Local Reform and Community Voices Grant**/***	0	0
War Pensions Scheme Disregard**/***	0	0
Prison Services**/***	0	0
Moderation Phonics*/***	0.032	0
Food Safety Enforcement*/^	0.020	0
Family Court Fees*/***	0.017	0
	121.324	135.968

* 2022-23 figures updated from Revenue Budget Report following announcement/release of allocations.

** For 2022-23 awaiting Government information about this grant.

*** For 2023-24 awaiting Government information about this grant; where numbers are included it is considered likely that funding will be received at around 2022-23 levels or an indicative allocation has been received.

+ Rolled into Social Care Grant in 2023-24.

^ Rolled into Revenue Support Grant in 2023-24.

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

- **Social Care Grant** – The Social Care Grant is a grant for adult and children’s social care services. Total funding provided by this grant has increased from £2.35bn in 2022-23 to £3.85bn in 2023-24. In 2023-24 the grant includes £1.27bn of funding due to delaying the rollout of adult social care charging reform.

The Council's Social Care Grant allocation has increased, from £37.628m in 2022-23 to £61.318m in 2023-24 as set out in the table below:

	Social Care Grant £m
2022-23 Social Care Grant	37.628
2023-24 Additional Social Care Grant determined according to the Adult Social Care Relative Needs Formula	17.910
2023-24 Additional Social Care Grant Equalisation Funding, applied to reflect the Council's low Council Tax taxbase which reduces its ability to raise additional funding through levying the ASC Precept	3.246
2023-24 roll up the Council's Independent Living Fund (ILF) Grant, maintained at its 2022-23 cash level. As this was previously paid as a ring fenced grant, the Adult Social Care and Health base budget has been adjusted accordingly (Appendix Five).	2.534
	<hr/> <hr/> 61.318 <hr/> <hr/>

- **Improved Better Care Fund (iBCF)** – The iBCF is additional funding for adult social care authorities, which has to be included within Better Care Funding plans. For 2023-24, funding is being maintained at the same level as in 2022-23 in cash terms (£2.14bn), with the distribution unchanged. The Council's allocation is £35.733m.
- **Business Rates Capping** – This Section 31 Grant compensates authorities for reductions in business rates income, following decisions by Government to change the rate relief for some organisations and for changes in the uprating of the business rates multiplier, including freezing of the business rates multiplier in recent years. The amount included in the Council's 2023-24 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 2023 to be used in setting the budget. A verbal update of business rates income will be provided at this meeting.
- **Services Grant** – The Services Grant is an un-ringfenced grant which was introduced in 2022-23 to support the delivery of all local authorities' services. It will continue in 2023-24 but with funding

reduced from £822m to £464m, in part because it previously included funding for local government costs arising as a result of the Social Care Reform increase in employer National Insurance Contributions, which has now been reversed. The funding is distributed through the existing formula for assessed relative need. The Council's allocation has decreased, from £7.781m in 2022-23 to £4.385m in 2023-24.

- **Domestic Abuse Duties** - The Domestic Abuse Act 2021 placed new duties on local authorities to ensure that victims of domestic abuse and their children can access the right support in safe accommodation. This funding is to enable local authorities to deliver these duties. Local authorities have been advised of individual allocations for 2023-24 and 2024-25. The Council's allocations are £1.505m for 2023-24 and £1.533m for 2024-25.
- **Other Grants** - Pending receipt of grant information, no income amounts for the other grants below have been included in the Council's 2023-24 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.
 - **Homes for Ukraine** – funding for councils who have a number of important functions in supporting this scheme.
 - **Bus Service Improvement Grant** – funding to form part of the necessary investment required for the delivery of the Bus Service Improvement Programme. Bus Service Improvement Grant – funding to form part of the necessary investment required for the delivery of the Bus Service Improvement Programme. Local authorities have been advised of individual allocations for 2023-24 and 2024-25. The Council's revenue allocations are £11.466m for 2023-24 and £6.105m for 2024-25.
 - **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.

Private Finance Initiative Grant (PFI)

4.4.7 The PFI grant is received to support expenditure which is incurred in meeting payments to contractors for the capital element of school building projects previously undertaken through PFI and similar funding arrangements. These funding arrangements require payments to be made over a 25-year period. The capital payments due on these schemes will end in three phases between 2029 and 2035. The Council's allocation for 2023-24 is £10.504m.

Ring-Fenced Grants

4.4.8 The Council receives the following ring-fenced grants:

- **Dedicated Schools Grant (DSG)** - Grant is paid to local authorities to provide school, high needs, early years and central school services block budgets. Local authorities are responsible for determining the allocation of grant in conjunction with their local Schools Forum. Local authorities are responsible for allocating funding to schools and academies, high needs and early years providers in accordance with their local funding formulae. DSG funding allocations for 2023-24 were published on 16 December 2022. Details of DSG schools block funding will be considered at the Cabinet meeting on 23 February 2023 and the remaining blocks will be considered at the Cabinet meeting on 16 March 2023.
- **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 2023-24 is expected to be announced early in 2023 and is still to be confirmed. The Government has also not yet confirmed whether the ring-fence and grant conditions will remain in place. At some point it is expected that the funding for Public Health will form part of revised funding mechanisms for local authorities following funding reviews.
- **Better Care Fund** - The Better Care Fund (BCF) was announced in June 2013 as part of the 2013 Spending Round. It provides an opportunity to transform local services so that people are provided with better integrated health and social care. The BCF supports the aim of providing people with the right care at the right place at the right time. This builds on the work which the Derby and Derbyshire Integrated Care Board (ICB) and the Council are already doing, for example as part of integrated care initiatives, joint working and on understanding of patient/service user experiences.

The 2023-24 allocation for Derbyshire as a whole has yet to be announced and to date there is no confirmation of any increased

contribution to the Better Care Fund. However, additional funding of £6.678m to support hospital discharges has been allocated for 2022-23, for the ICB and Council in total, with a further amount, estimated to be £10.019m, announced for 2023-24, again for the ICB and Council in total. The 2022-23 budget allocation of £112.935m and £6.768m for the discharge fund was split as follows:

	2022-23 £m
Derby and Derbyshire ICB	66.395
ICB Minimum Contribution	66.395
ICB Additional Contribution	
Discharge Grant	3.745
Other	0.651
Total ICB Contribution	70.791
DCC Additional Contribution	
ICES Equipment	1.647
Other	0.611
Disabled Facilities Grant	7.898
Improved Better Care Fund	35.733
Discharge Grant	3.023
	48.912
	119.703

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

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

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

4.5 Council Tax

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

Taxbase

4.5.2 The Council's Band D Council Tax rate is calculated by dividing the Council's Council Tax Requirement (CTR) by the total taxbase figures. Each of the borough and district councils uses a Collection Fund to manage the collection of Council Tax and to make an adjustment to reflect the actual collection rate of Council Tax in the previous year. Following the introduction of the Business Rates Retention Scheme in April 2013, the borough and district councils are required to take account of both Council Tax and Business Rates collected in determining their surpluses or deficits. Whilst provisional Council Tax taxbase positions have been received from all billing authorities these have yet to be fully confirmed. The billing authorities have until 31 January 2023, this being the statutory deadline, to confirm their taxbase positions.

4.5.3 The total Council Tax taxbase figure for 2023-24 is confirmed at 261,141.23, based on the number of equivalent Band D properties, a 1.57% 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 £5.760m. This is calculated by multiplying the increase in the number of properties by the Council's Equivalent Band D Council Tax rate in 2022-23. Previous years have seen increases in the taxbase of 1.86%, 0.41% and 1.71%. Based on continuing strong expected housing growth, the Five Year Financial Plan (FYFP) assumes prudent annual taxbase increases of 1.50% from 2024-25.

Collection Fund

4.5.5 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. The regulations to implement the collection fund deficit phasing came into force on 1 December 2020, in response to difficulties billing authorities were experiencing because the Covid-19 pandemic was severely impacting on Council Tax collection fund positions and forecasting.

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. Under this collection fund deficit phasing, a deficit of £1.041m was carried forward and spread into each of 2022-

23 and 2023-24, with 2023-24 being the final year of spreading the deficit.

4.5.6 The Council Tax collection fund surplus for 2022-23 was estimated at £3.437m in the Council's Revenue Budget 2022-23 Report, based on the latest 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 to confirm in writing their final collection fund estimates. A verbal update was provided at the full Council Meeting on 2 February 2022, with a final collection fund surplus of £3.561m. This provisional collection fund position was in line with the position before the pandemic.

4.5.7 The total Council Tax collection fund surplus for 2023-24 is estimated at £1.500m, based on provisional information received to date from billing authorities and an estimate in respect of Chesterfield, and including £1.041m of deficit carried forward from 2021-22 budget setting. 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. Any changes to the figure shown in Appendix Two following this Council meeting, or the full Council meeting, will be managed through the Risk Management Budget or use of reserves.

4.5.8 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.

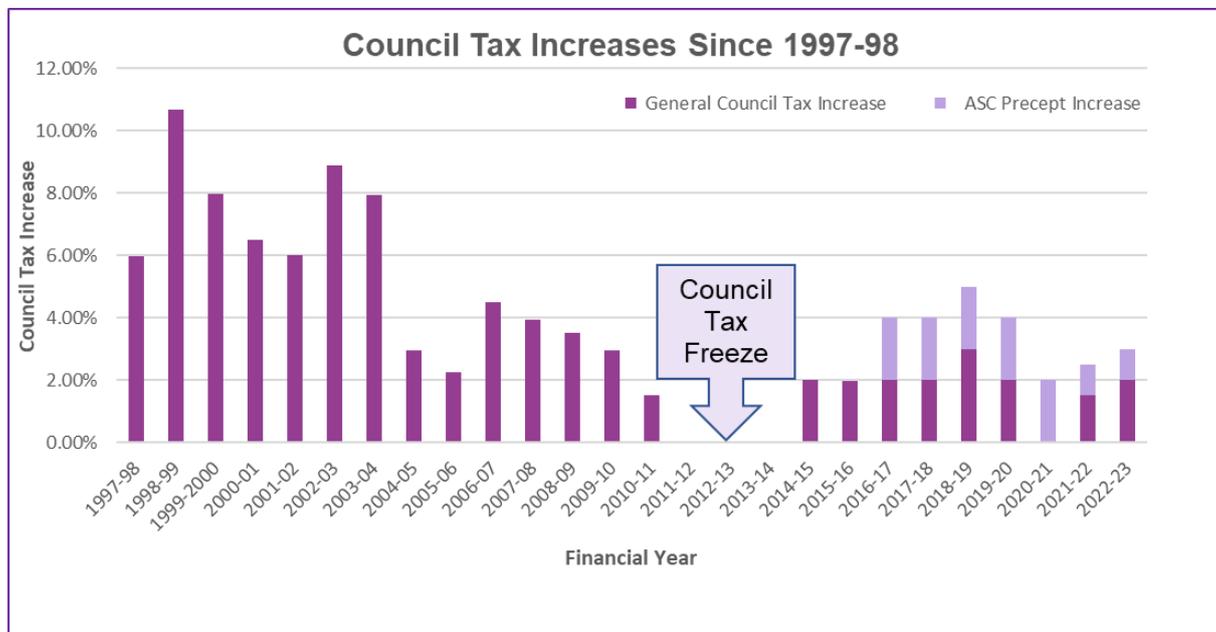
4.5.10 The Autumn Statement provides county councils with the flexibility to increase Council Tax by up to 3% for general spending. In addition, local authorities with adult social care responsibilities will be able to increase adult social care spending by levying up to a further 2% using the ASC precept.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

4.5.11 Details of any assurance process relating to the use of the ASC Precept in 2023-24 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.

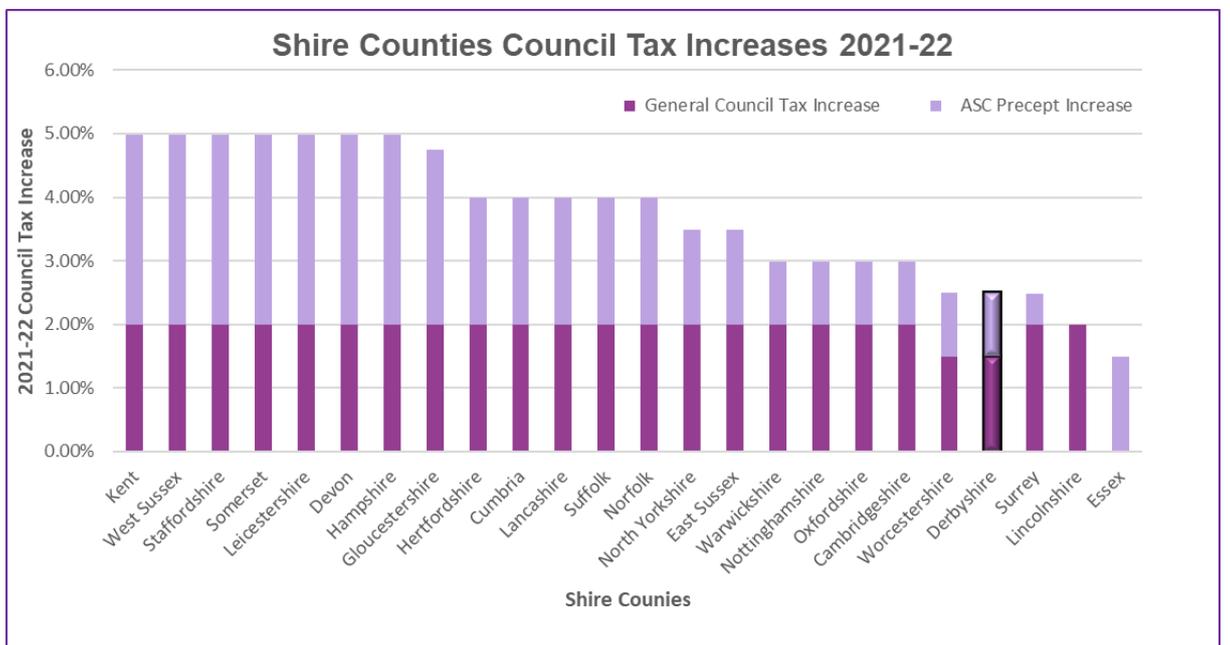
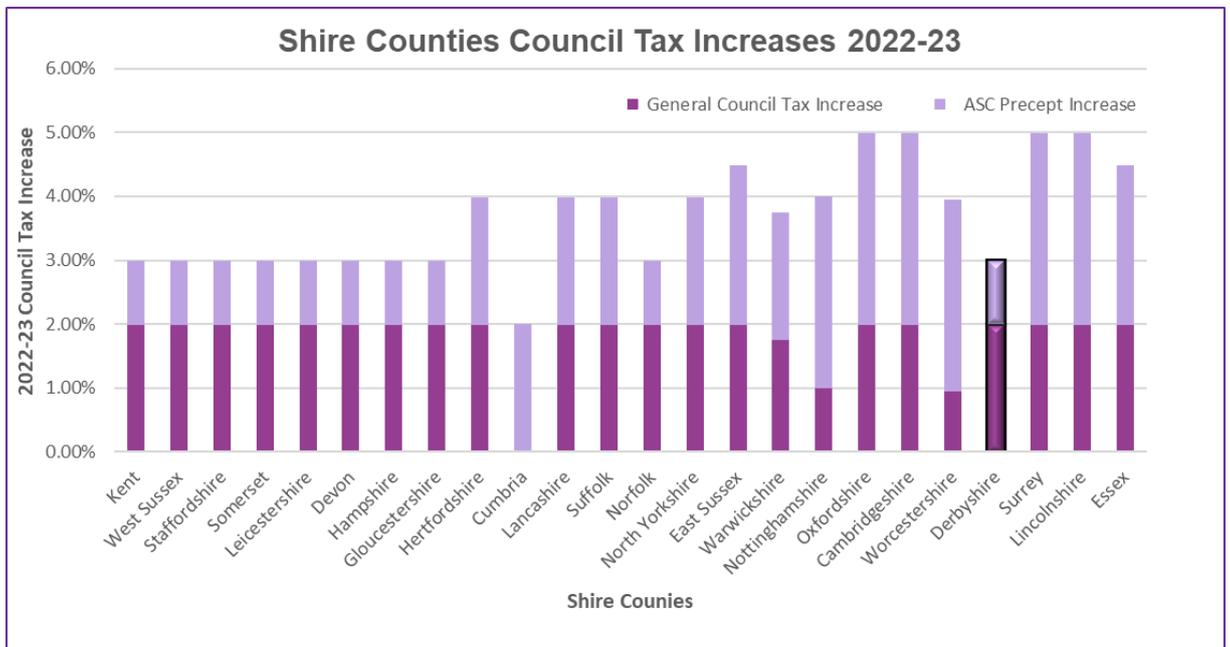
Council Tax Increase

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



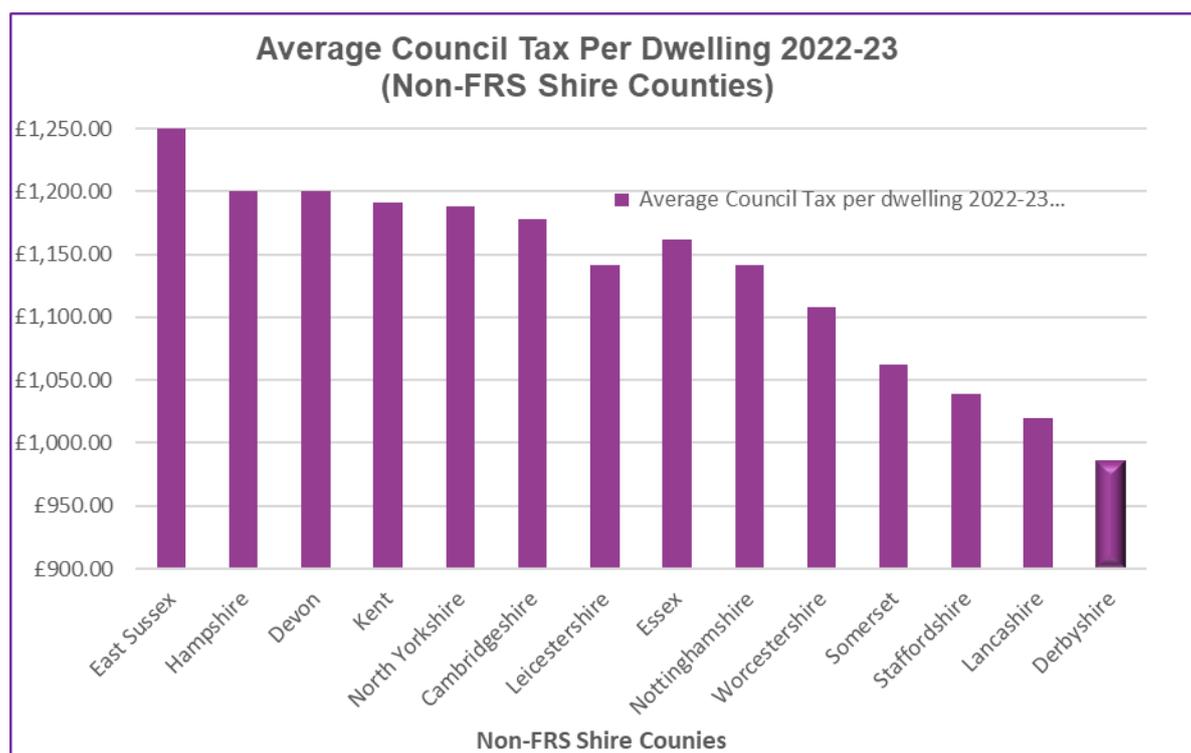
4.5.13 Since 2016-17 there has been the ability to raise an additional amount of Council Tax specifically to additionally fund adult social care spending, known as the Adult Social Care precept (ASC precept). The table above highlights how the Council has used this flexibility in recent years.

4.5.14 The average shire county council Council Tax increase in 2022-23, including ASC precept, was 3.7%, whilst in 2021-22 it was 3.8%, so the Council has set increases in these two years of 0.7 percentage points and 1.3 percentage points less than the average, respectively. The charts below set out 2022-23 and 2021-22 total Council Tax increases and the general Council Tax/ASC precept increase split for shire county councils over those two years.



4.5.15 In terms of absolute position, the Council’s Band D Council Tax level is in the lowest quartile for shire counties. This is a measure which does not reflect the actual spread of housing in an area into the various bands. As Derbyshire is less affluent than many county areas it has around 80% of properties in Bands A, B and C and the average property is in Band B. This results in the mean average Council Tax paid per household in Derbyshire being the lowest amongst the fourteen shire county councils who provide the same services as the Council

(non-Fire and Rescue Service (FRS) authorities), as indicated in the chart below.



4.5.16 Local authorities have urged Government to provide additional funding to support vital services, particularly Children's Social Care and Adult Social Care. Additional resources have been allocated to the Council as part of the Government's response. The additional social care funding announced in SR 2019, with further increases in SR 2020 and SR 2021, and a significant increase in the Autumn Statement 2022, with the continuation of payment of Revenue Support Grant, have helped to keep general Council Tax low whilst helping to fund the rising costs for social care and other vital front-line services. However, it is clear that Government has a clear and definite expectation that part of the additional pressures in adult care will be funded by levying additional ASC Precept. Of 152 authorities with adult social care responsibilities, 150 utilised some, or all, of their ASC precept flexibility for 2022-23.

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

4.5.18 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 1.25% and also to increase basic Council Tax by 2.50% for 2023-24, a total increase of 3.75% 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 options of levying a maximum 2% ASC Precept and a maximum basic Council Tax increase of 3%, permitted by the 2023-24 Referendum Principles, have not been fully exercised.

4.5.19 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 3.75% will raise an additional £13.951m in Council Tax income in 2023-24 and future years to support the Council's vital services.

4.5.20 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 prior to 2022-23. The need to manage these, and other pressures, will be challenging and as a result future Council Tax increases cannot be easily forecast with a high degree of certainty, and it is possible that predictions expressed in the initial medium term financial plan (FYFP) update contained within this report will prove inadequate and may need to be revised upwards.

4.6 Price Increases

4.6.1 There will be no direct increase to departmental budgets for specific price rises. In recent years an increase for business rates expenditure has been the only allocation. However, the 2023-24 Provisional Settlement froze the Business Rates Multiplier, which is the mechanism by which business rates increase, and so accordingly there will be no increase to 2023-24 departmental budgets for this either.

4.6.2 Annual UK CPI inflation remained extremely high during 2022. Annual headline CPI inflation reached 10.1% in September 2022, then increased further, to 11.1% in October 2022, before falling to 10.7% in November 2022. Recognising rising prices, specific amounts for

inflationary pressures have been set aside within contingency budgets. See section 4.7 below.

Pay Award

- 4.6.3 The 2021-22 and 2022-23 pay awards were agreed after the 2022-23 Revenue Budget was approved.
- 4.6.4 The 2021-22 pay award for Local Government Service Employees, of a 1.75% increase, was agreed on 28 February 2022. The 2021-22 pay award was higher than originally estimated, resulting in an additional ongoing base budget pressure of £1.896m. The 2021-22 unfunded pay award budget shortfall was funded on a one-off basis from reserves in both 2021-22 and 2022-23.
- 4.6.5 The 2022-23 pay award for Local Government Service Employees, of a flat increase of £1,925 on all pay points covered by the Council's Pay Grades up to and including Grade 21, was agreed on 1 November 2022. The 2022-23 pay award cost to the Council of £16.425m was also higher than originally estimated, resulting in a further ongoing base budget pressure of £9.636m.
- 4.6.6 The shortfall in base budgets as a result of the 2021-22 and the 2022-23 pay awards has been addressed by removing the deficit balance on the Risk Management Budget that was created by allocating base budget to departments in 2022-23.
- 4.6.7 The Autumn Statement announced that NLW would increase by 9.7% for 2023-24, from £9.50 to £10.42 an hour, for those aged 23 and over. The Government continues to aim for a NLW of two-thirds of median incomes by 2024. The last Council FYFP assumed a general pay award of 2% for 2023-24. The unions have yet to submit a 2023-24 pay claim to the national employers, which means that local authority negotiations have yet to commence. The submission is expected by the end of January 2023. Given current high inflation rates and the level of the 2022-23 pay award, a pay offer of 2% is unlikely for the next financial year. Therefore, an increase of 4% in 2023-24 has been assumed. This equates to an additional forecast cost of £9.335m for 2023-24 basic pay award salary increases, excluding separately funded areas outside of the Council's Revenue Budget, such as those funded by the DSG.
- 4.6.8 In addition to the 2023-24 basic pay salary increases contingency of £9.335m in paragraph 4.6.7, the 2023-24 pay award contingency total of £11.051m includes other pay-related elements as set out in the table below:

	Pay Award Contingency £m
2023-24 Basic pay salary increases	9.335
2023-24 Additional hours	0.231
2023-24 Relief hours	0.344
2023-24 Pay based allowances	0.449
2023-24 Fixed based allowances	0.097
2023-24 Increases for social worker growth, Soulbury Pay Scale workers, Coroners and Members' Allowances	0.295
2022-23 Increases for social worker growth, Soulbury Pay Scale workers, Coroners and Members' Allowances (not yet finalised)	0.300
	<hr/> 11.051 <hr/>

4.6.9 The additional total forecast cost of 2023-24 pay awards will be held in the Council's contingency budget, until such time that a final agreement has been made, when the budget will be allocated to departments. If the pay award is agreed at a level above this, the additional cost will have to be found from within existing budgets or managed through the use of reserves in 2023-24.

4.7 Corporate Budgets

Contingency Budgets - £48.902m

4.7.1 The overall Contingency Budget includes pay and price issues elements of £37.984m, detailed below, less an ongoing Local Government Pension Scheme (LGPS) employer pension contributions saving of £1.726m, which is forecast because of a planned reduction in the charge to departmental budgets for LGPS employer contributions. This follows an update to the forecast level of pensionable pay, informed by actual pensionable pay experience. This saving is to be held in the Contingency Budget until pay data for the whole of 2022-23 is available.

The overall Contingency Budget also includes one-off Departmental Service Inflationary Pressures of £12.644m to be held over pending further information, as detailed in Appendix Five. The total Contingency Budget is £48.902m as set out in the table below:

	Contingency Budget £m
Pay and Price Issues – Paragraph 4.7.2	37.984
LGPS Derbyshire Pension Fund Employer Contributions Saving	-1.726
One-off Departmental Service Inflationary Pressures	12.644
	48.902

Pay and Price Issues - £37.984m

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. The total Contingency Budget for pay and price issues is £37.984m as set out below:

	Contingency Budget Pay and Price Issues £m
Contract Fees Paid to Care Providers Increases	22.830
Due to the increase in the NLW each year, there has to be a significant increase in the contract fees the Council pays to care providers, to reflect the additional cost pressures on the providers. For 2023-24, the NLW will increase by 9.7%, from £9.50 to £10.42, for those aged 23 and over. This amount is to be held in the Contingency Budget until negotiations with providers are complete.	
Pay Award	11.051
See paragraphs 4.6.3 to 4.6.9 above. Negotiations are still ongoing for the 2023-24 pay award. These amounts are to be held in the Contingency Budget until negotiations are complete.	
Other Inflation	3.903
This is additional funding set aside to support Departments with ongoing inflationary pressures as set out in Appendix Five. These amounts are to be held in the Contingency Budget until actual costs are known.	
External Audit Fee Increase	0.200
This is to cover expected increases in the Council's external audit fees from 2023-24 onwards, following advice by Public Sector Audit Appointments (PSAA) to	

anticipate fee increases of the order of 150%. This was reported to Audit Committee on 29 November 2022.

37.984

LGPS Derbyshire Pension Fund Employer Contributions - £nil

4.7.3 The last Council FYFP assumed that the Council's LGPS employer pension contribution rate would increase from 2023-24. This ongoing pressure was expected to be up to £1.000m. However, following completion of the 2022 valuation exercise on the LGPS Derbyshire Pension Fund (Fund), it has been confirmed by the Fund Actuary that the Council's LGPS employer contributions will remain unchanged for the next three years from April 2023, with the result that an amount is not required to be set aside in the 2023-24 Contingency Budget.

External Debt Charges and Minimum Revenue Provision - £38.622m

4.7.4 This represents the interest payable on the Council's outstanding debt. The Council has paid off a number of loans in recent years, which were used to support the Council's Capital Programme, and has not undertaken further borrowing. In 2018-19 this provided the opportunity to reduce the ongoing budget by £8.500m, to reflect the overall reduction in interest charges, with a further net reduction of £0.500m by 2021-22. The debt charges budget was then increased by £2.925m in 2022-23.

4.7.5 The Minimum Revenue Provision (MRP), is a prudent amount of revenue set aside to contribute towards capital expenditure which has been financed by borrowing or credit arrangements. The Council updated its MRP Policy in 2016-17, in a report to Cabinet on 22 November 2016, when it was concluded that future savings could be achieved without compromising the future prudent provision made by the Council.

4.7.6 The Council will continue to review its MRP Policy annually, to ensure in future years that adequate and prudent provision is still being made.

4.7.7 Given the significant cuts to public expenditure, and in particular to local government funding compared to service pressures, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates much lower than long-term rates in recent years, it has been more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Council has been able to reduce net borrowing costs and reduce overall treasury risk.

Using available cash for capital schemes is known as 'internal borrowing'. Whilst ever internal borrowing is possible, the benefits of

continuing to do so will continue to be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to continue to rise.

The Council will monitor this 'cost of carry' and breakeven analysis. However, there is the additional possibility that cash reserves will run low in the next twelve months and the Council will have to consider additional borrowing. Borrowing at long-term fixed rates would cause additional cost in the short-term but could keep future interest rates low if interest rates are forecast to continue to rise.

4.7.8 In addition, the Council may borrow short-term to cover cash flow shortages where it is advantageous to do so.

Risk Management Budget - £nil

4.7.9 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.

4.7.10 Whilst the budget has been used to manage balances such as grant funding received in year, in order for the Council to set a balanced budget in 2023-24, it is not possible to start the year with a balance on the budget. Any fluctuations will be managed in-year, as appropriate, through the use of reserves where it is appropriate to do so.

Interest Receipts - £4.538m

4.7.11 The Bank of England (BoE) has increased its Bank Rate from 0.50% to 3.50% in 2022. The MPC noted that domestic inflationary pressures are expected to remain strong with the implication that further Bank Rate rises should be expected to address high inflation. 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.

4.7.12 In the Council's 2021-22 Revenue Budget, the budget for interest and dividend receipts was reduced by £2.182m, to £4.016m, reflecting the continuing impact of the pandemic on returns. In 2022-23 the budget was increased in-year to £4.538m. Interest and dividend receipts are currently forecast to be £5.089m in 2022-23, which exceeds this budget.

4.7.13 Whilst the base rate of interest has increased, there is a perception that the Council would have the opportunity to increase its investment income. However, whilst increases in base rate impact favourably when the Council loans money to other local authorities, this is offset by higher interest costs on its temporary borrowing from other local

authorities for cashflow purposes. As a result of the Council using its cash balances for 'internal borrowing' (paragraph 4.7.7) and also using its cash-backed available reserves to support the Revenue Budget in recent years, the Council has a decreasing level of cash on which to earn interest and dividend receipts.

4.8 Service Pressures

- 4.8.1 A number of service pressures have been identified by Departments. Details of Departmental pressures identified for 2023-24 are shown at Appendix Five. Service Pressures originally identified by Departments have been reduced to the position shown, following extensive senior cross-departmental review and challenge.
- 4.8.2 Ongoing Departmental service pressures of £20.544m will be allocated to Departmental base budgets.
- 4.8.3 Overall Ongoing Service Pressures of £25.893m include the above Departmental services pressures of £20.544m, plus reimbursement of the brought forward negative balance on the Corporate Risk Management Budget of £5.349m, all referred to in Section 4.7 above.
- 4.8.4 One-off support of £11.063m will be allocated from reserves for one-off Departmental Service Pressures. A further £12.644m will be held over in reserves as a contingency for one-off inflationary pressures until actual costs are known. Details of this one-off support are set out in Appendix Five.

4.9 Budget Savings Targets

- 4.9.1 Target savings by the end of 2027-28 are estimated to be £46.663m, of which £37.550m 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 £37.550m over the FYFP are shown at Appendix Seven. Significant budget preparation work has taken place in 2022. This has helped in identifying some additional savings. Overall savings of £16.190m include an ongoing LGPS employer pension contributions saving of £1.726m, which is forecast because of a planned reduction in the charge to departmental budgets for LGPS employer contributions. This follows an update to the forecast level of pensionable pay, informed by actual pensionable pay experience. This saving is to be held in the Contingency Budget until pay data for the whole of 2022-23 is available.
- 4.9.5 There remains a £9.113m shortfall of identified annual budget savings against the £46.663m budget savings target over the five years of the FYFP. In headline terms the Council has now identified measures which should help achieve 80% of the budget gap over the period of the FYFP. This is an improved relative position than was reported in the Revenue Budget Report 2022-23, when measures had been identified to meet 39% of the budget gap. This improved position has resulted from an increase in identified annual budget savings and from additional forecast funding, following Government announcements in the Autumn Statement and Provisional Settlement in respect of 2023-24 and 2024-25.
- 4.9.6 The table below summarises the savings originally identified in last year's Revenue Budget Report for 2023-24, changes made since then to arrive at the revised savings identified by department for 2023-24, and the level of achievement of 2023-24 savings for each department planned for 2023-24.

	Original* 2023-24 Savings Identified £m	Changes £m	Revised 2023-24 Savings Identified £m	2023-24 Savings Achievable in 2023-24 £m
Adult Social Care and Health	9.289	2.850	12.139	12.139
Children's Services	0.000	0.500	0.500	0.500
Place	1.200	0.000	1.200	1.200
Corporate Services and Transformation	0.625	0.000	0.625	0.625
Total	11.114	3.350	14.464	14.464

*New 2023-24 savings in last year's Revenue Budget Report.

4.9.7 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 and 2022-23.

4.9.8 The Council is reviewing all of its savings initiatives and developing a programme of savings proposals to address the estimated funding gap over the medium term. Where savings have not been achieved in previous years and brought forward into the current financial year, mitigations and alternative savings delivery are being considered.

4.10 Statutory Requirements of the Local Government Act 2003

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

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

4.10.2 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.

Governance in Setting the Budget

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.

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.

Going Concern

4.10.4 A report of the assessment of the Council's Director of Finance & ICT, as S151 Officer of the Council's status as a 'going concern' was reported to Audit Committee on 29 November 2022. The report concluded that 'going concern' was the appropriate basis for preparing the Council's Statement of Accounts 2021-22.

Role of Audit Committee

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

Financial Management Code

4.10.6 CIPFA has designed a Financial Management Code (FM Code) to support good and sustainable financial management, giving assurance that authorities are managing resources effectively. The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management. Complying with the standards set out in the FM Code is the collective responsibility of the Council's elected members, the S151 Officer and their professional colleagues in the Leadership Team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

4.10.7 A report was presented to Audit Committee on 29 November 2022, which provided an update on the Council's progress towards complying with the FM Code standards. The Council considers that it has strong levels of compliance, and that this has been further strengthened by action taken to address the areas where further work has previously been identified as being required.

4.10.8 In support of assessing compliance with the FM Code, it is worth noting that the Council's financial practices and processes are regularly reviewed as part of the Council's Internal Audit Plan. Recent audits of the Council's accountancy and budgetary arrangements, accounts payable and accounts receivable functions have all received a substantial assurance opinion, underpinning robust financial procedures that are embedded across the Council.

Autumn Statement 2022

- 4.10.9 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.
- 4.10.10 There is uncertainty around the variables used as part of the budget-setting process for 2023-24. However, planning has been based on what is known at this time. Whilst the Autumn Statement has provided some stability, 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 2023-24/2024-25 there is uncertainty as to what this means for the need for further austerity measures from 2025-26.
- 4.10.11 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 2023-24.

This does not mean that the setting of the 2023-24 revenue budget comes without risks which need to be properly identified and understood.

The OBR's 'Economic and Fiscal Outlook' published alongside the Autumn Statement highlighted that global energy and food supply shocks emanating from Russia's invasion of Ukraine have intensified during the second half of 2022. Furthermore, the curtailment of Russian imports has seen European wholesale gas prices rise ten-fold from pre-pandemic levels and markets now expect prices to remain four times higher in the medium term.

The OBR estimates that inflation will fall sharply over the course of the next year and will be dragged below zero in the middle of the decade by falling energy and food prices, before returning to its 2% target in 2027.

This brings its own challenges in terms of the estimates and assumptions used in setting the budget for 2023-24. The Council will continue to closely monitor its budgets as the 2023-24 financial year progresses. There will be close scrutiny of the budget allocated to departments to support inflationary and demand pressures. Where the costs are not as high as estimated, the budget will be clawed back from departments to help support and maintain a balanced budget.

Pressures

4.10.12 There is a significant commitment in the Council's 2023-24 revenue budget to provide an additional £47.277m of ongoing funding and £23.707m to further support the Council's Departmental service pressures. Departmental service pressures of £70.984m are as set out in the table below:

	Departmental Service Pressures £m
Ongoing Departmental pressures allocated directly to Departments	20.544
Ongoing Departmental contract fees paid to care providers inflation contingency held until costs are known	22.830
Ongoing Departmental inflation contingency held until costs are known	3.903
Base Budget - Ongoing Funding	47.277
One-off Departmental pressures allocated directly to Departments	11.063
One-off Departmental inflation contingency held until costs are known	12.644
Use of Reserves – One-Off Funding	23.707
	70.984

- 4.10.13 This 2023-24 commitment includes approximately £12m of ongoing budget growth for the Adult Social Care and Health budget, with a further £23m of ongoing budget held as a contingency, for increases in contract fees paid to providers, until costs are known. There are particular pressures around hospital discharge from the National Health Service (NHS), with an increase in demand, and because there is an insufficient supply of home care and reablement services, this has driven increased placements into residential homes rather than into care at home.
- 4.10.14 The Children's Services budget has been under significant financial pressure for several years, despite significant additional ongoing budget increases and one-off funding, particularly aimed at meeting increases in the costs associated with rising numbers of looked after children. The 2023-24 commitment includes a further £2m of ongoing budget for children's social care and £2m for home to school transport, held as a contingency until inflationary costs are known. However, the fact remains that numbers are still rising, and predictive models currently used indicate a high degree of volatility in those numbers.
- 4.10.15 If current trends continue and the Government fails to provide adequate further funding to support these services, there will be further pressure on budgets in 2024-25 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.
- 4.10.16 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 2023-24 there was a significant level of other budget pressures submitted by Departments which were not recommended for additional funding and are not covered by contingency funding in the 2023-24 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. A further general contingency pressure could cover this, 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 2023-24, although no funding has been set aside in the forecast for this. Thereafter any such ongoing pressures must be met from additional savings that would need to be allocated to Departments on top of those forecast.
- 4.10.17 The Council's Climate Change Strategy: Achieving Net Zero (2021-2025) was approved and published by the Council in October 2021. This Strategy establishes the Council's target to be an organisation that has net zero carbon emissions by 2032 or sooner.

Reserves

- 4.10.18 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 2023-24 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.
- 4.10.19 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.
- 4.10.20 The level of General Reserve available over the next few years is largely dependent on the achievement of the annual budget savings target. As at 31 December 2022, the balance on the General Reserve is £31m. The level of the General Reserve is forecast to be between £13m and £20m over the medium term. Taking account of demand led pressures, any overspends in services over and above those currently projected would see the balance fall below £13m. 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 1.8% and 2.9%.
- 4.10.21 It is recognised that the forecast General Reserve balance over the medium term is significantly lower than would be preferred. If funding allows, restorative measures will be utilised over the period of the FYFP and beyond to build back up the balance of the General Reserve. 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.
- 4.10.22 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.

- 4.10.23 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.
- 4.10.24 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.
- 4.10.25 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. The Council's Performance Monitoring and Revenue Outturn 2021-22 Report allocated, from the release of earmarked reserves and underspends, £10.000m to the Budget Management Earmarked Reserve, £10.000m to a reserve for inflation risks, £5.251m to a reserve for business rates risks and also £4.000m to a reserve for cyber security. In the Provisional Settlement there is encouragement for local authorities to consider how they can use their reserves to maintain services in the face of immediate inflationary pressures, taking account of the need to maintain appropriate levels of reserves to support councils' financial sustainability and future investment. This acknowledges that local authority reserves levels have increased in recent years. In line with this, the Council's Budget Management Earmarked Reserve and the Council's other earmarked reserves available for budget management are forecast to be depleted in 2024-25, mainly in funding the one-off pressures in the 2023-24 Revenue Budget. Measures will need to be considered to replenish these budget management reserves.
- 4.10.26 The Council made the strategic decision to fund its capital expenditure since 2018-19 from additional borrowing, rather than its revenue budget. These revenue contributions are held in an Earmarked Reserve (the Revenue Contributions to Capital Expenditure Earmarked Reserve), which is being held to supplement the use of the General Reserve and support the management of revenue budgets over the

medium term. The Revenue Budget Report since 2020-21 has approved the use of one-off support for the revenue budget from this Earmarked Reserve and it proposed that there is further one-off support for the revenue budget in 2023-24. Further contributions to this Earmarked Reserve, in the region of £6m, should be possible in 2023-24.

4.10.27 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.

2023-24	2024-25	2025-26	2026-27	2027-28
£m	£m	£m	£m	£m
19.725	15.573	15.873	14.373	12.873

4.10.28 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.

4.10.29 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

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

4.10.31 Given significant uncertainty regarding the duration of high inflation rates, the extent of future service pressures and how successful the mitigation work that is underway will be and local government devolution, together with the wide range of risks outlined below, it is vital that in setting the budget for 2023-24, consideration is also given to the financial years beyond it and the longer-term financial sustainability of the Council.

4.10.32 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 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 2023-24 and preparing for further savings required from 1 April 2024 onwards.

The forecast level of the Council's General Reserve means that the Council's ability to 'soft land' these savings to a limited extent in the short-term is a far less viable option than in previous years. Any such 'soft landing' will restrict the ability and flexibility of the Council to use the General Reserve for forecast or unforeseen purposes later in the FYFP period.

4.10.33 Over recent years the Government has expected councils to rely more and more on Council Tax and localised Business Rates to fund services. However, core spending power for local authorities is estimated to increase by an average of 9.2% in real terms in 2024-25, which will help local authorities deal with inflationary and other cost pressures, with an 11.0% increase for the Council. It should be noted that this increase is based on the assumption that social care authorities will increase their Council Tax bills by the maximum 4.99% allowed without holding a referendum, which is a decision made at a local level. This report recommends that the Council accepts the need to levy a total increase of 3.75% (an ASC Precept increase of 1.25% and a basic Council Tax increase of 2.50%), which is lower than the maximum 4.99% allowed and therefore the Council's increase in core spending power is less than 11.0%.

4.10.34 The additional social care and other grant funding announced in the Autumn Budget 2022 is welcome and helps to partly support the pressures on the Council's vital services, however, underlying and existing pressures remain, presenting significant challenges in setting budgets and trying to protect services. All services will have to find further savings to already stretched budgets.

4.10.35 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.

4.10.36 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 did not transpire. 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 annually and reflects an assessment of the Council's spending plans in the current and next four financial years. It includes the ongoing implications of approved budgets, service levels, costs of the capital programme and costs of servicing its debts and returns from its investments. The Council's FYFP for the period 2022-23 to 2026-27 was reported to Council as part of the Revenue Budget Report in February 2022. The FYFP has been updated for the period 2023-24 to 2027-28 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 1.8% of forecast FYFP spending in 2027-28. Other earmarked reserves available for budget management are also forecast to be depleted in 2024-25, in line with Government expectations for local authorities to reduce their reserves

levels to maintain services in the face of immediate inflationary pressures. The General Reserve needs to be preserved across the medium term to maintain financial sustainability and to protect the ability to soft land budget cuts.

- **Service Pressures** – there is a commitment to support budget growth where necessary, and in particular within adult’s and children’s social care. However, if current trends continue regarding placements and NHS discharges, and there is inadequate funding to support this, there will be further pressures on budgets in later years. Analysis is underway to consider how to mitigate these demand pressures, which has the potential to help control some of these financial pressures, but they are unlikely to be effective in the short-term. Demographic growth continues to affect Adult Social Care costs. Predictions show that the Council will experience further annual growth, with significant additional annual costs estimated over the period of the FYFP.
- **Pay** – the FYFP assumes a 4% increase in 2023-24. Increases from 2024-25 onwards are assumed to be 2%, based on the current expectation that inflation may have peaked and will have begun to reduce by then.

The Council would welcome further Government support for local authorities in the 2023-24 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, as well as capacity issues across the sector.

- **Economic Climate** – the ongoing conflict in Ukraine has continued to put pressure on global inflation and the economic outlook for UK and world growth remains weak. UK political instability towards the end of the period increased uncertainty further. The economic backdrop has continued to be characterised by global high oil, gas and commodity prices, ongoing high inflation and its impact on consumers’ cost of living, no imminent end in sight to the Russia-Ukraine hostilities and its associated impact on the supply chain, and China’s zero-Covid policy, although this has recently ended. Annual headline UK CPI inflation reached 10.7% in November 2022. Rising inflation means there is the potential for reductions in the Council’s income for discretionary services.

- **Spending Reviews** – The Provisional Settlement provides provisional allocations for one year, although for key grants there are some indicative allocations of the quantum of funding for 2024-25 in the Autumn Statement and Provisional Settlement. 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. Despite the signals, 2023-24 will be the fifth 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 recent Covid-19 pandemic and in increasing social care funding in recent years may result in further austerity measures in future years, which could be as soon as 2025-26, when savings will be required to repay the debt incurred by Government. The FYFP assumes a £20m reduction in the Council's Social Care Grant from 2025-26.
- **Fair Funding and Business Rates Reviews** – the reviews have been delayed for a number of years and the planned implementation was again postponed. The Government has now confirmed that the Fair Funding Review and the Business Rates reset will not be implemented in this Spending Review period, although the Government 'remains committed to improving the local government finance landscape in the next Parliament'. 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 2023-24 is expected to be announced early in 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.
- **Devolution** – the Levelling Up White Paper was published in February 2022. The paper sets out how Government will spread opportunity more equally across the UK. Levelling up is a long-term endeavour. It is a programme of change that requires a fundamental shift in how central and local government, the private sector and civil society operate. The Government will embark on a process of sustained and systematic engagement and consultation with a wide range of stakeholders, including devolved administrations, on the White Paper. Further detail on a number of these policy commitments will be set out in future publications. In addition, legislation will be introduced to Parliament to underpin in statute the changes fundamental to levelling up, alongside wider planning measures. The East Midlands devolution deal, which covers Derbyshire, Nottinghamshire, Derby and Nottingham, was announced in August 2022. A county consultation on

the devolution proposal ran from 14 November 2022 to 9 January 2023. Devolution has the opportunity to:

- Bring £1.14 billion more funding to the East Midlands, with powers to improve transport, adults skills training, housing and the environment, and to encourage the creation of good quality jobs that give people a decent standard of living and a better quality of life.
- Enable more decisions about the East Midlands to be taken in the region. Devolution is a chance for the people who live in the region to have a much greater say over issues that affect them, including by directly electing the first regional mayor.
- Bring more opportunities for the East Midlands. Devolution will provide more tools to help the region recover from the Covid-19 pandemic and ensure that the region is well-placed for further devolution of funding and powers in future.

4.11.3 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 Government's confirmation that the Business Rates reset will not be implemented in this Spending Review period but that it 'remains committed to improving the local government finance landscape in the

next Parliament' might affect the Business Rates Retention system or future Local Government funding arrangements.

- **Future Council Tax levels** - a long-term consensus on future Council tax levels needs to be agreed as part of a strategy for the Council, within the context of forecast Referendum Principles limits.
- **Trading operations** – these have been pursued by departments for several years as a means of balancing budgets. The Covid-19 pandemic has highlighted the reliance of some services on external income from sales, fees and charges. Whilst the Government's scheme has assisted in meeting some of the shortfall, it has now ended, and adequate charges should reflect risk to provide security when incomes fall. A thorough review of services and charges must be undertaken in order to minimise risk to the rest of the Council's service delivery.

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 pressures 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.

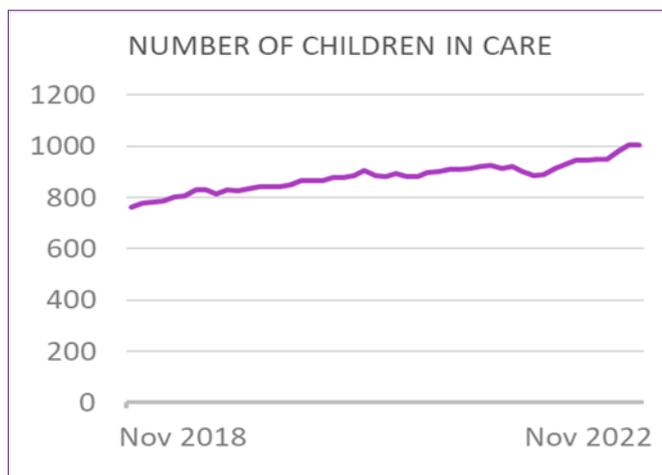
4.11.7 The Council's significant budget pressures are considered further below:

Children's Social Care

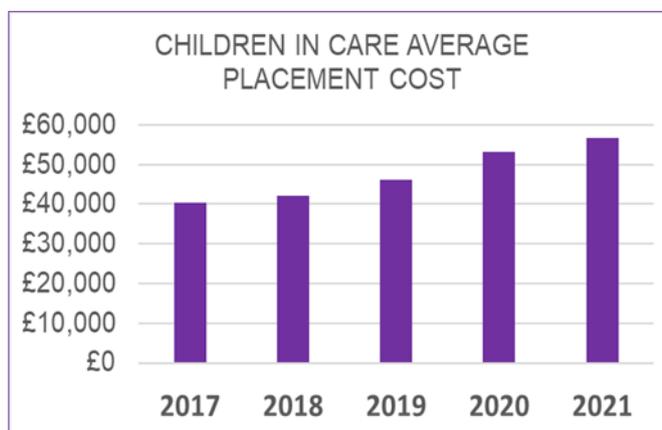
- As an upper tier authority, the Council is responsible for providing children's social care services. These services include child protection and safeguarding, care for looked after children and aftercare, support for vulnerable children and their families.
- Nationally the number of children in care has risen significantly over the past decade creating unprecedented demand pressures on

children's services. The national picture is being reflected in Derbyshire.

- As at 30 November 2022 there were 1,004 children in the care of the Council, a 32% increase on the number four years ago, as shown in the chart below.



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



- Average placement costs for children in the Council's care have risen 40% over the last four years
- Residential care is the most expensive form of care. Locally and nationally, the proportion of children in residential care has increased, largely due to councils struggling to source suitable alternatives such as foster care.
- These pressures, exacerbated by the impact of high inflation and cost of living increases on placement costs, are expected to continue to grow for the foreseeable future. The Council, along with many other local authorities in the country, continue to express concern

regarding substantial increases in the cost of children's social care, urging Government to provide additional funding for the service.

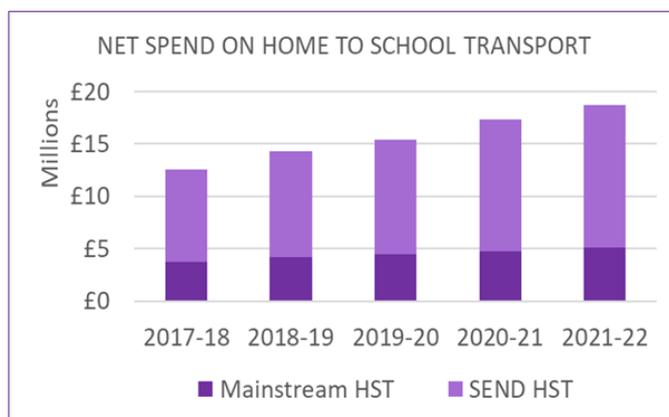
Schools and Learning

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

- The Council's accumulated DSG deficit was £5.050m at 31 March 2022. The DSG deficit will need to be recovered from future DSG income, although it has been announced that the statutory override for the accounting treatment of DSG positions will be extended for the next three years, from 2023-24 to 2025-26. The override had been due to expire at the end of March 2023. The main pressures for the Council, as with most local authorities, continues to be in respect of High Needs Block budgets. The December 2022 DSG announcement provides for an increase in High Needs funding of £11m (11%), however it is likely that further demand and inflation pressures may still result in spend exceeding income in 2023-24.

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

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



- Net costs have risen by 48% 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 older people demography, 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 10%. For 2023-24, the increase is 9.7%. This directly impacts on the contract fees the Council pays to care providers. If this level of increase is to continue it will cost the Council up to an additional £23m each year for at least the next five years.
- There are growing pressures around hospital discharge from the NHS, with an increase in demand, and because there is an insufficient supply of home care and reablement services, this has driven increased placements into residential homes rather than into care at home.

Waste

- The Council and Derby City Council ('the councils') remain engaged in work to consider the future of the New Waste Treatment Facility (NUTF) in Sinfin, Derby to deal with waste that residents in Derby and Derbyshire do not recycle. The councils have been developing a full business case comparing two options to either:
 - rectify and use the facility or,
 - close the facility and dispose of the waste using a third party.

A decision will be taken about the future of the facility on the basis of the business case. Activity taking place on site is limited to preservation and maintenance tasks until such a decision is taken.

- Resource Recovery Solutions (Derbyshire) Ltd (in administration) has commenced formal court proceedings against Derbyshire County Council and Derby City Council, following termination, in August 2019, of the Project Agreement for the Joint Waste Project, including the waste treatment centre in Derby. The councils will be defending these proceedings.
- New contracts have 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.
- Waste Landfill tax, landfill site gate fees and contractual payments for the operation of Household Waste Recycling Sites and Waste Transfer Stations are subject to price rises in line with a basket of indexation factors set out in the contracts. There are also statutory increases of 3% in the cost per tonne of recycling credits.

Budget Savings

4.11.8 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, at Corporate Management Team Budget Sessions in November 2022 and December 2022. Competing service pressures were considered against a number of measures, including whether they met the Council's key priorities, which are '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'. Other considerations included '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 these Budget Sessions has 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, Section 151 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 purpose and help provide reasonable assurance of their effectiveness.

4.11.12 The Council's latest AGS, for 2021-22, highlights the significant ongoing impact that Covid-19 has had, but notes that the economic shocks created by the invasion of Ukraine by Russia and rising fuel and food costs, general inflation and fragile supply chains are now the most significant challenges to the Council's Financial Resilience, and therefore its going concern status, in the short to medium term.

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 recent 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 term. The greatest risk to its financial sustainability in the medium term is from a reduced level of reserves following provision of substantial budget support for 2023-24 and to a lesser extent in recent years, not achieving substantial budget savings, demand pressures on looked after children, the increasing effect of NHS discharge pressures and demographic growth on Adult Social Care costs, and concern over high levels of inflation which has delivered a significant economic shock. Furthermore, the Autumn Statement indicates that there will be support for local government over the next two years, with some level of certainty being given, although a possible further period of uncertainty from 2025-26 has been signalled.

4.11.17 There remains a risk to its financial sustainability in the longer term from 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 Several councils have issued S114 notices in the last three years due to their inability to balance their budgets. In October 2021 DLUHC published its response to the Select Committee's report on Financial Sustainability and the S114 Regime. Details of this were reported to the Council's Audit Committee in December 2021.

4.11.20 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.

4.11.21 Under Section 15 of the Local Government Act 1999 the Secretary of State for Levelling Up, Communities and Housing has the power to direct an intervention package where an authority is considered to be in breach of its Best Value duty. Recent examples of such interventions have included capitalisation directives, access to the Public Works Loan Board to refinance borrowing and the appointing of commissioners to oversee the management of certain local authority functions. The 'trigger event' for such interventions can be the issuing of a S114 notice.

4.11.22 A report of the assessment of the Council's Director of Finance & ICT, as S151 Officer, of the Council's status as a 'going concern' for the purpose of producing its Statement of Accounts for 2021-22, was reported to Audit Committee on 29 November 2022. The report stated that at that time there was no intention for the Council's S151 Officer to issue a S114 notice but that if the current financial pressures were to be sustained without additional funding and if sufficient and timely budget savings could not be realised there would be an increased likelihood that a notice would need to be issued.

4.11.23 Despite the Autumn Statement and Provisional Settlement significantly increasing the Council's funding for 2023-24, the Council still has an anticipated shortfall in funding for 2023-24, and is therefore

proposing to use £23.707m of reserves to support one-off pressures in the Revenue Budget 2023-24. Whilst the Council has sufficient reserves it can deploy to meet the anticipated funding shortfall in 2023-24, this will significantly impact on any future funding available to support the Council's planned improvements, to support any further delays to certain savings plans and will require additional general reserves to be set aside in order to ensure that the balance of general reserves remains at a prudent risk-assessed level. It also means that a similar level of support in 2024-25 will not be possible. Due to the Council's Treasury Management Strategy over the last decade being to use internal borrowing, rather than take on new long-term external borrowing, the Council has head-room, within the scope of its powers under the Prudential Framework, to take on additional external borrowing to preserve the liquidity of its cash flow, should it need to do so.

4.11.24 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 Interim Director of Finance & ICT, as S151 Officer, concludes that:

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

5 Consultation

5.1 The Council has, for a number of years, undertaken a variety of consultation exercises, using a range of methods, in the preparation of

its annual revenue budget.

- 5.2 A separate report highlighting consultation activity recently undertaken is also on the agenda for consideration at this meeting. The responses to that consultation exercise must be conscientiously taken into account when this decision is taken.

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 Interim Director of Finance & ICT, as S151 Officer, has concluded that the Council can set a balanced budget for 2023-24 by making substantial use of the Council's reserves, as encouraged to do so by Government in the Provisional Local Government Finance Settlement, and set a balanced budget across the period of the FYFP, provided currently forecast pressures do not further increase, and that the Council remains a going concern, although difficult decisions and strong, robust financial management will continue to be required.
- 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 2023-24 Council Tax at the maximum permitted 4.99%, exercising the Council's option of levying up to the maximum 2% ASC Precept, in addition to up to the maximum 3% increase in general Council Tax permitted by the 2023-24 Referendum Principles.

This option has been considered because:

- In 2022-23 the Council has the lowest mean average Council Tax paid per household amongst the fourteen shire county councils who provide the same services.
- A 4.99% increase would lock into the Council's base budget additional ongoing funding of around £4.6m each year, over and above the proposed 3.75% 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 other household bills, such as for energy and food. By not taking this option it will save Derbyshire households over £23m over the medium term.

The proposed Council Tax increase of 3.75% 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 2023-24 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 2023-24 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 delivering 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, thoroughly considering risk, service priorities and need.

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 2023. This could lead to additional one-off funding being received, which would lessen the impact on reserves of any Departmental overspends in 2023-24.

- Alternative allocation of 2023-24 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 2023-24 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 and 2022-23.

7 Implications

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

8 Background Papers

8.1 Autumn Statement 2022.

8.2 Provisional Local Government Finance Settlement 2023-24 – Department for Levelling Up, Housing and Communities.

8.3 Initial budget Equality Impact Assessment.

9 Appendices

9.1 Appendix One – Implications.

9.2 Appendix Two – Revenue Budget 2023-24.

9.3 Appendix Three – Response to Provisional Local Government Finance Settlement 2023-24.

9.4 Appendix Four – Council Tax 2023-24.

9.5 Appendix Five – Service Pressures 2023-24.

9.6 Appendix Six – Budget Savings Proposals 2023-24 to 2027-28.

9.7 Appendix Seven – Five Year Financial Plan 2023-24 to 2027-28.

9.8 Appendix Eight – Equality Impact Analysis Revenue Budget 2023-24.

10 Recommendations

That Cabinet recommends to Council that it:

10.1 Notes the details of the Autumn Statement 2022 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 2023-24 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 Interim Director of

Finance & ICT, as S151 Officer, once non-standard inflation has been agreed.

- 10.6 Approves the service pressure items identified in section 4.8 and Appendix Five.
- 10.7 Approves the level and allocation of budget savings as outlined in section 4.9 and Appendix Six.
- 10.8 Notes the comments of the Interim Director of Finance & ICT, 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 £387,461,515 which is calculated as follows:

10.11

	£
Budget Before Pressures and Budget Reductions	641,217,881
Plus Service Pressures – ongoing	15,894,018
Plus Adult Social Care Precept	4,650,142
Plus Service Pressures - one-off	23,707,000
Less Budget Reductions	-16,190,000
Decrease in Risk Management Budget	5,349,198
Net Budget Requirement	674,628,239
Less Top-Up	-97,773,890
Less Business Rates	-15,365,000
Less Revenue Support Grant	-15,714,332
Less New Homes Bonus	-1,105,736
Less General Grant	-122,996,933
Less PFI Grant	-10,503,833
Less Use of Earmarked Reserves	-23,707,000
Balance to be met from Council Tax	387,461,515

- 10.12 Approves the use of the Revenue Contributions to Capital Expenditure Earmarked Reserve to provide one-off support to the 2023-24 Revenue Budget.
- 10.13 Authorises the Interim Director of Finance & ICT, as S151 Officer, to allocate cash limits amongst Cabinet portfolios; Executive Directors will then report to Cabinet on the revised Service Plans for 2023-24.

11 Reasons for Recommendations

- 11.1 Appendix Seven of the Council's Constitution – Budget and Policy Framework Procedure Rules, requires that Cabinet must propose a budget by early February to allow the Council, should it so wish, to raise objections and refer the budget proposals back to Cabinet for further consideration, allowing time to finalise precepts before the statutory deadline of 1 March.
- 11.2 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.
- 11.3 The Council is committed to ensuring good financial management and compliance with applicable laws and regulations. The Council is committed to ensuring that it sets a balanced budget over the medium-term, therefore ensuring good financial management and use of reserve balances to meet the costs of any unforeseeable events.

Report Author:
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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 2023-24 budget are relevant in this respect and are detailed in the Budget Consultation Results report that appears earlier in the agenda.
- 2.3 Under section 65 of the Local Government Finance Act 1992, as a major precepting authority, the Council has a statutory duty to consult ratepayer representatives on its annual expenditure proposals, ahead of setting its budget. Certain prescribed information must be sent to the persons the Council proposes to consult as soon as practicable and, in any event, not later than 15 February by virtue of the Non-Domestic Ratepayer (Consultation) Regulations 1992.
- 2.4 The Council also has a statutory duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness and when determining how to discharge this duty has to consult representatives of a wide range of local persons.
- 2.5 In performing these statutory duties the Council must have regard to statutory guidance issued by the Secretary of State.
- 2.6 Case law has established minimum requirements of consultation, which are:
 - Consultation must be at a time when proposals are at a formative stage.
 - Sufficient information must be given to permit a person to "give an intelligent consideration and response".
 - Adequate time must be given for consideration and response.

Appendix One

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

Human Resources

- 3.1 The actual scale and detailed composition of any workforce implications arising from business savings plans 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 continued use of workforce plans and measures such as vacancy control, redeployment, voluntary release, etc. where necessary.

- 3.2 The Council has a statutory responsibility to consult with the recognised trade unions when potential redundancy situations arise. The Council will make every effort to avoid compulsory redundancies and to seek alternative employment in line with the provisions set out in the Council's redundancy and redeployment policy.

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 2023-24. This outlines the overall likely impacts upon the different protected characteristic groups and is based on those areas which have been identified for savings. It also reflects upon the ongoing work to develop cumulative impact analysis and to consider the linkages between the Council's budget savings and those being made elsewhere in Government and by public sector partners.
- 5.2 Increasingly budget savings are resulting in reductions or changes to frontline services, which directly affect the people of Derbyshire. In particular, they are likely to pose a potential adverse impact for some older people, disabled people, children and younger people and families. In part this is because many of the Council's services are targeted at these groups and these services command the largest parts of the Council's budget. At the same time, other national and local changes are also likely to continue to affect these groups in particular. As indicated above, an initial budget Equality Analysis has been carried out and a copy is included at Appendix Eight. Members are asked to read this analysis carefully. As explained above, this assessment helps identify areas where there is a significant risk of adverse impact which would then be subject to a full equality impact assessment process prior to Cabinet decisions on individual services.

Corporate objectives and priorities for change

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

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

7.1 None

Appendix Two

REVENUE BUDGET 2023-24

SERVICE	Adjusted Base £	Funding Changes £	Adjusted Base after Funding Changes £	Pay and		Ongoing Pressures £	Adult Social Care Precept	Budget Savings Target £	Base Budget Ongoing £	One off Pressures £	Budget 2023-24 £
				Price Inflation £	Base Plus Inflation £						
Adult Social Care and Health	273,364,564	0	273,364,564	0	273,364,564	9,895,151	4,650,142	-12,139,000	275,770,857	2,306,000	278,076,857
Children's Services	147,507,181	0	147,507,181	0	147,507,181	0	0	-500,000	147,007,181	1,844,000	148,851,181
Place	86,874,572	0	86,874,572	0	86,874,572	4,090,000	0	-1,200,000	89,764,572	3,661,000	93,425,572
Corporate Services and Transformation	68,169,541	-1,417,000	66,752,541	0	66,752,541	1,908,867	0	-625,000	68,036,408	3,252,000	71,288,408
Service Totals	575,915,858	-1,417,000	574,498,858	0	574,498,858	15,894,018	4,650,142	-14,464,000	580,579,018	11,063,000	591,642,018
Plus Contingency	0	0	0	37,984,263	37,984,263	0	0	-1,726,000	36,258,263	12,644,000	48,902,263
Plus External Debt Charges	38,621,958	0	38,621,958	0	38,621,958	0	0	0	38,621,958	0	38,621,958
Plus Risk Management Budget	-5,349,198	0	-5,349,198	0	-5,349,198	5,349,198	0	0	0	0	0
Less Interest Receipts	-4,538,000	0	-4,538,000	0	-4,538,000	0	0	0	-4,538,000	0	-4,538,000
Net Budget Requirement	604,650,618	-1,417,000	603,233,618	37,984,263	641,217,881	21,243,216	4,650,142	-16,190,000	650,921,239	23,707,000	674,628,239
FUNDED BY:											
Council Tax	369,811,895	17,649,620	387,461,515	0	387,461,515	0	0	0	387,461,515	0	387,461,515
Top Up	94,891,733	2,882,157	97,773,890	0	97,773,890	0	0	0	97,773,890	0	97,773,890
Business Rates	14,722,479	642,521	15,365,000	0	15,365,000	0	0	0	15,365,000	0	15,365,000
Revenue Support Grant	14,231,306	1,483,026	15,714,332	0	15,714,332	0	0	0	15,714,332	0	15,714,332
New Homes Bonus	1,868,167	-762,431	1,105,736	0	1,105,736	0	0	0	1,105,736	0	1,105,736
General Grant	98,621,205	24,375,728	122,996,933	0	122,996,933	0	0	0	122,996,933	0	122,996,933
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	23,707,000	23,707,000
	604,650,618	46,270,621	650,921,239	0	650,921,239	0	0	0	650,921,239	23,707,000	674,628,239

**RESPONSE TO PROVISIONAL LOCAL GOVERNMENT FINANCE
SETTLEMENT 2023-24**



Paul Stone
Interim Director of Finance & ICT
County Hall
Matlock
Derbyshire DE4 3AH

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

Ask for: Eleanor Scriven
Our ref: ES
Date: 16 January 2023

Dear Sir/Madam

Provisional Local Government Finance Settlement 2023-24

The Council welcomes the opportunity to respond to the Provisional Local Government Finance Settlement 2023-24, details of which were published on 19 December 2022. The Council has responded to the formal consultation questions and these are set out later in this letter. However, the Council will take the opportunity to highlight details of the financial pressures it is currently facing, particularly in respect of social care, as well as commenting on the Fair Funding Review – details of which are set out in the following pages.

Fair Funding

A transparent, fair funding system is urgently required, which reflects need and ability to fund services locally. 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. However, the Council is disappointed that Government has now confirmed that the Fair Funding Review and the Business Rates reset will not be implemented in this Spending Review period.

The proposed Local Government Finance Settlement for 2023-24 includes around £3.1bn additional grant funding to be allocated in 2023-24, for social care and other services, and assumed that local authorities will raise £1.9bn additional Council Tax revenue through use of the Council Tax flexibility afforded to the sector. This represents an average 9.2% increase in local government core spending power to help councils deal with inflationary and

other cost pressures in 2023-24, assuming councils use their option to raise more Council Tax using additional Council Tax flexibilities.

Although Government assumes that every local authority will raise their Council Tax by the maximum permitted without a referendum, this leaves councils facing tough choices about whether to increase Council Tax bills to bring in desperately needed funding at a time when they are acutely aware of the significant additional burden that is likely to place on households during the current cost of living crisis.

However, even with this additional funding, the Council still faces significant challenges in setting its budget and trying to protect services. Underlying existing pressures remain and there remains a substantial funding gap between the cost of service demand and the resources available.

Social Care Costs

Adult Social Care

Demographic growth continues to affect Adult Social Care costs. Growth predictions show that the Council is subject to approximate annual increases of £3m in relation to older people demography, 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.

During the last few years, the National Living Wage has increased annually by between 2% and 10%. For 2023-24, the increase will be 9.7%. This directly impacts on the contract fees the Council pays to care providers. If this level of increase is to continue it will cost the Council up to an additional £23m each year for at least the next five years.

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

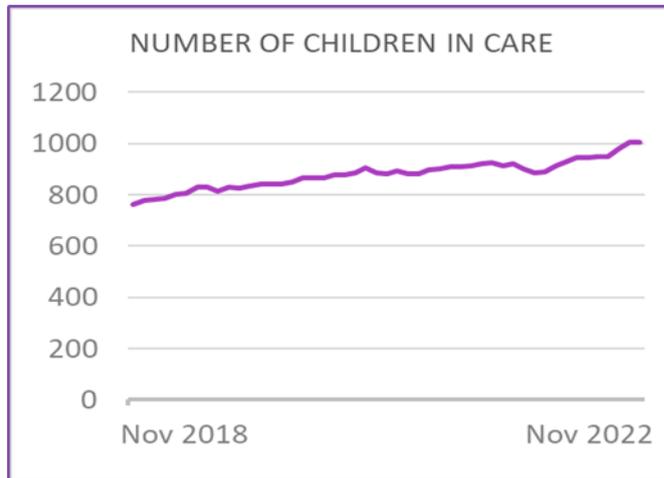
Children's Social Care

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

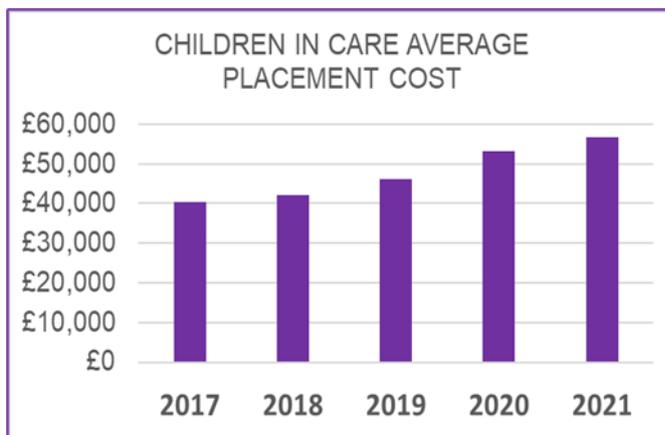
Appendix Three

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 2022 there were 1,004 children in the care of the Council, a 32% increase on the number four years ago, as shown in the chart below.



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



Average placement costs for children in the Council's care have risen 40% over the last four years.

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

Appendix Three

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

Funding

For 2023-24, Improved Better Care Fund (iBCF) funding for adult social care authorities, which has to be included within Better Care Funding plans, is being maintained at the same level as in 2022-23 in cash terms (£2.14bn), with the distribution unchanged. Social Care Grant funding for adult and children's social care services is being increased to £3.85bn in 2023-24, from £2.35bn in 2022-23. In 2023-24 the grant includes £1.27bn of funding due to delaying the rollout of adult social care charging reform.

The Council is pleased that Government will provide extra funding for social care and has accepted the need for funding allocated towards reforms to still be available to address inflationary pressures for councils and social care providers. This will help tackle the most immediate budget pressures.

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 Covid-19 pandemic resulted in delays to the programme. Even with the planned level of savings being achieved, there is still rising demand for services. A 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.

Appendix Three

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 Council Tax increases as low as possible and whilst the Council recognises that increases in Council Tax bills for many will be difficult, local authorities should continue to be afforded the option of implementing the Precept. However, variable amounts of income can be generated in different parts of the country, unrelated to need, which should be addressed as part of the Government's Funding Review.

Schools and Learning

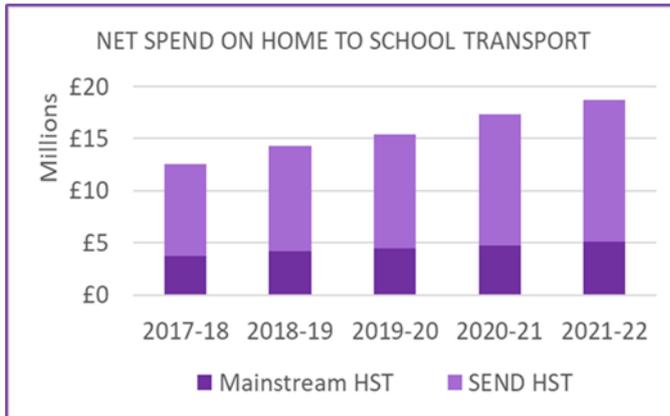
Whilst expenditure on school-related activity would normally be expected to be met from within the allocated DSG, there are some school based pressures which could fall to the Council's General Reserve to fund, details of which are set out below.

The Council's accumulated DSG deficit was £5.050m at 31 March 2022. The DSG deficit will need to be recovered from future DSG income, although it has been announced that the statutory override for the accounting treatment of DSG positions will be extended for the next three years, from 2023-24 to 2025-26. The override had been due to expire at the end of March 2023. The main pressures for the Council, as with most local authorities, continues to be in respect of High Needs Block budgets. The December 2022 DSG announcement provides for an increase in High Needs funding of £11m (11%) for the Council, however it is likely that further demand and inflation pressures may still result in spend exceeding income in 2023-24.

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 likely to underperform without the aid of a sponsor.

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

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



Net costs have risen by 48% in the last four years and this trend is expected to continue.

Pay

The Council would welcome Government support for local authorities in the 2023-24 Settlement, or if that is not possible, in future settlements, to address the serious issue of substantial and increasing pay award pressures, in a period where the rate of inflation has been rising and has reached its highest level for many years. 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, as well as capacity issues across the sector.

Public Health Grant and Adult Social Care Grants

It is disappointing that the Public Health Grant allocations have not been published alongside the Provisional Settlement, nor have the grant conditions in respect of the Adult Social Care Hospital Discharge Grant and the Market Sustainability and Improvement Fund Grant. Public Health Grant allocations should be published as soon as possible, so councils know how much they can budget for essential services to help keep people throughout their lives. Without the grant conditions in respect of these Adult Social Care Grants it is impossible to properly plan how they might be used to support the Council's budget pressures during budget setting.

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, although for key grants there are some indicative allocations of the quantum of funding in the Autumn Statement and Provisional Settlement for 2024-25. It is disappointing that the Provisional Settlement has failed to announce a true multi-year settlement, as it constricts the flexibility of local authorities to balance budgets across the medium term. The local government sector has implored Government for a multi-year settlement. The Secretary of State for Levelling Up, Housing and Communities announced on 28 June 2022 that there would be a two-year funding settlement from 2023-24. However, despite the signals, 2023-24 will be the fifth continuous single-year settlement.

Conclusion

Government should provide clarity on which of the delayed local government funding reforms will happen and when.

A renewed commitment and timeframe for the implementation of a 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.

Whilst expected but delayed future funding reforms make it difficult for Government to set out a multi-year settlement for local government, this is the fifth 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 2023-24?

Whilst the Council welcomes the Consumer Price Index (CPI) increase in the Revenue Support Grant (RSG), it is disappointed that this is at the expense of the Services Grant, which is set to reduce in 2023-24. The Council agrees with the proposed methodology for RSG as this provides local authorities with the certainty required for 2023-24 to facilitate the setting of budgets within the prescribed timeframes.

However, the Council requests that the Government publishes its Provisional Settlement in future in early December, in line with its commitment in the 2018 Hudson Review. So far the Government has yet to achieve this commitment. Whilst the Government's publication of its Policy Statement on 12 December 2022 removed some funding uncertainty, it did not contain the detail of allocations needed for budget setting purposes. This was not provided until 19 December 2022. All grant allocations, along with any associated conditions, should also be published alongside the Provisional Settlement, so that the amount of funding available and permitted use is known at the time of budget setting.

Question 2: Do you agree with the Government's proposals to roll grants into the Local Government Finance Settlement in 2023-24?

The Council agrees with the Government's proposals to roll the four grants, of which the Council receives two (the Independent Living Fund grant and the Food Safety and Standards Enforcement grant), into core funding. These grants are sufficiently small that this is an understandable decision. However, the Government should commit to protecting the future Settlement Funding Assessment (SFA), otherwise any cut to SFA would in effect be a cut to these grants too.

Question 3: Do you agree with the proposed package of Council Tax Referendum Principles for 2023-24?

The Council is pleased to see that the Government has again recognised the cost pressures associated with delivering adult social care and other council services, by allowing local authorities with adult social care responsibilities to raise up to an additional 2% Council Tax to support adult social care service pressures, and by up to 3% in support of general spending. The option of implementing the Adult Social Care Precept (ASC Precept) has provided local authorities with much needed additional Council Tax income to support the funding of associated services. The Government has also allocated around £3.1bn additional grant funding in 2023-24, for social care and other services and this is also welcome.

The Council is committed to keeping Council Tax increases as low as possible and whilst the Council recognises that increases in Council Tax bills for many will be difficult, local authorities should continue to be afforded the option of

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

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

Question 4: Do you agree with the Government's proposals for a new Funding Guarantee?

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

Question 5: Do you agree with the Government's proposals on funding for social care as part of the Local Government Finance Settlement in 2023-24?

The Council welcomes the Government's decision to again provide additional funding for social care and to increase that funding. The pressures on social care cannot be understated. The pressures of an ageing population, workforce retention and inflation remain. Concerns also remain around delayed charging reform. Fundamental solutions are required to support the social care sector.

The Council reiterates the point made earlier in this response that this additional funding fails to address the full cost pressures faced by local authorities and therefore it is imperative that a Fair Funding review is given priority to address the cost pressures associated with the delivery of social care. Whilst the

Appendix Three

Council supports the distribution of the Social Care Grant for 2023-24 via the existing Adult Social Care Relative Needs Formula, future allocations following a Fair Funding review should be based, subject to consultation, upon an updated relative needs formula.

The Council also notes that whilst some adult social care reforms have been delayed, the Department of Health and Social Care (DHSC) is still progressing with both the Fair Cost of Care (FCOC) and Care Quality Commission (CQC) reviews. There is significant confusion within the provider sector regarding the need and ability to pay the FCOC and the lack of clarity from Government is leading some local authorities to experience greater cost pressure risks than the additional grant announced. Whilst local authorities understand that they have the responsibility to maintain an effective market, FCOC seems to be setting regional prices. These are not the same thing and the Council requests Government to provide greater clarity as soon as possible.

Regarding Council Tax equalisation, the Council would like to raise that there seems to be just enough equalisation to support those authorities with lower Council Tax, such as the Council, but not enough to recognise the slightly lower Council Tax raising ability of shire counties compared with single-tier authorities.

Question 6: Do you agree with the Government's proposals for New Homes Bonus in 2023-24?

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

Although the Government's intention was for a reform of the system to be implemented for 2022-23, this has not happened. The method for calculating NHB is the same as in 2022-23. However, in 2023-24 the NHB grant no longer contains any legacy payments but does continue to include single year payments. The 2023-24 payment for local authorities, of £291m, is £263m less than in 2022-23, and the Council's allocation has correspondingly reduced.

The allocations tend to favour councils with lower tier responsibilities, not shire counties like the Council. The Council fully understands the need for more housing and could be supportive of an incentive scheme which fully recognises the costs of developments rather than one which lower tier service providers have become reliant upon to support their general day-to-day spending.

Appendix Three

Authorities providing upper tier services face substantial costs when new housing developments are built (including new roads and new schools) but this is not appropriately reflected in the current system.

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

Question 7: Do you agree with the Government's proposals for Rural Services Delivery Grant in 2023-24?

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

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

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

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

Question 8: Do you agree with the Government's proposals for Services Grant in 2023-24?

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

be used to aid the transition to a new funding formula. It will continue in 2023-24 but with funding reduced, in part because it included funding for local government costs arising as a result of the Social Care Reform increase in employer National Insurance Contributions, which was introduced but has now been reversed. In 2023-24 it has also been reduced to pay for the real-terms protection of RSG. The funding is distributed through the existing formula for assessed relative need.

The Council agrees with Government's proposals for distributing the funding through the existing formula for assessed relative need in 2023-24, as this provides local authorities with the certainty required for 2023-24 to facilitate the setting of budgets within the prescribed timeframes.

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

Question 9: Do you have any comments on the impact of the proposals for the 2023-24 settlement outlined in this consultation document on the aims outlined above? Please provide evidence to support your comments.

Council Tax Equalities

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

Reserves

Whilst the Council acknowledges the Government's concern with regard to the seemingly 'high level' of reserves which some local authorities hold, the Government should understand that in uncertain times more reserves are

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

Multi-Year Settlements

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

Fundamental Reform

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

Yours faithfully

Paul Stone
Interim Director of Finance & ICT (S151 Officer)

COUNCIL TAX

Final 2022-23 Collection Fund Deficit, Precept Amounts and Net Budget Requirement

In the Council Revenue Budget Report 2022-23, the Council Tax collection fund surplus for 2022-23 was estimated at £3.437m, although this figure was not final. Billing authorities had until 31 January 2022 to confirm in writing their final collection fund estimates; the latest provisional figures were included. A verbal update was provided at the Council Meeting with the final figures below:

	2022-23			Total 2022-23 £
	2021-22 £	2021-22 spread to 2022-23 £	2022-23 £	
Amber Valley	-143,363	-158,544	1,051,875	893,331
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
	-274,843	-1,041,092	4,601,987	3,560,895

	Amount Collected £	Collection Fund Surplus/ (Deficit) £	Amount Actually Due £
Amber Valley	57,419,808	893,331	58,313,139
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
	366,251,000	3,560,895	369,811,895

Appendix Four

This finalisation of the Council Tax collection fund deficit changed the Council's Net Budget Requirement for 2022-23 as follows:

	Net Budget Requirement 2022-23 £
Revenue Budget Report 2022-23	618,457,071
Balance to be met from Council Tax	
Collection Fund Finalisation – Amber Valley (Increase in surplus from £769,109 estimate to £893,331 final)	+124,222
Final	618,581,293

Taxbase

	Equivalent Band D Properties 2022-23	Equivalent Band D Properties 2023-24	Change %
Amber Valley	40,307.09	41,085.91	1.93%
Bolsover	22,443.26	22,900.72	2.04%
Chesterfield	29,858.12	30,222.43	1.22%
Derbyshire Dales	30,539.40	30,662.53	0.40%
Erewash	33,826.40	34,613.00	2.33%
High Peak	31,342.00	31,390.00	0.15%
North East Derbyshire	32,079.63	32,603.64	1.63%
South Derbyshire	36,702.00	37,663.00	2.62%
	257,097.90	261,141.23	1.57%

The taxbase positions above are final. Billing authorities have until 31 January 2023 to confirm in writing their final taxbase position.

Collection Fund

	2023-24			
	2022-23	2021-22 spread to 2023-24	2023-24	Total 2023-24
	£	£	£	£
Amber Valley	893,331	-158,544	1,371,388	1,212,844
Bolsover	124,407	-232,448	349,258	116,810
Chesterfield	275,457	-162,556	399,738	237,182
Derbyshire Dales	-103,084	-46,653	-453,552	-500,205
Erewash	-329,328	0	-808,517	-808,517
High Peak	758,170	-160,626	659,403	498,777
North East Derbyshire	484,770	-106,278	485,383	379,105
South Derbyshire	1,457,172	-173,987	537,991	364,004
	3,560,895	-1,041,092	2,541,092	1,500,000

The total Council Tax collection fund surplus for 2023-24 is estimated at £1.500m, based on provisional information received to date from billing authorities and an estimate in respect of Chesterfield, including £1.041m of deficit carried forward from 2021-22 budget setting. Billing authorities have until 31 January 2023 to confirm in writing their final collection fund estimates.

Council Tax Amounts

Appendix Four

Band	2022-23	2023-24	General	ASC	Total	Number of
	£	£	Increase	Increase	Increase	Properties
			£	£	£	
A	949.71	985.32	23.74	11.87	35.61	136,730
B	1107.99	1149.54	27.70	13.85	41.55	85,390
C	1266.28	1313.76	31.65	15.83	47.48	63,430
D	1424.56	1477.98	35.61	17.81	53.42	42,670
E	1741.13	1806.42	43.52	21.77	65.29	26,610
F	2057.70	2134.86	51.43	25.73	77.16	13,030
G	2374.27	2463.30	59.35	29.68	89.03	7,220
H	2849.12	2955.96	71.22	35.62	106.84	570
						375,650

Precept Amounts

	Amount	Collection	Amount
	Collected	Fund	Actually
	£	Surplus/	Due
		(Deficit)	£
		£	
Amber Valley	60,724,153	1,212,844	61,936,997
Bolsover	33,846,806	116,810	33,963,616
Chesterfield	44,668,147	237,182	44,905,329
Derbyshire Dales	45,318,606	-500,205	44,818,401
Erewash	51,157,322	-808,517	50,348,805
High Peak	46,393,792	498,777	46,892,569
North East Derbyshire	48,187,528	379,105	48,566,633
South Derbyshire	55,665,161	364,004	56,029,165
	385,961,515	1,500,000	387,461,515

The Precept amounts above are provisional and include an estimate of the collection fund position in respect of Chesterfield. Billing authorities have until 31 January 2023 to confirm in writing their final taxbase and collection fund estimates.

SERVICE PRESSURES

Adult Social Care and Health – Total - £14,545,293 ongoing, £2,306,000 one-off, £22,830,000 inflation ongoing contingency, £673,000 inflation one-off contingency

Demographic Growth - £5,711,000 ongoing

Demographic growth pressures remain in Adult Care due to a number of factors including an increase in the 65+ population, more disabled adults accessing services, an increase in the complexity of cases and the increasingly complex needs of young people transitioning from children's services to adult care.

Home First – new hospital discharge arrangements - £5,000,000 ongoing

Changes introduced to facilitate rapid hospital discharge have increased activity and spend in Adult Care. Previously funded by Government, this funding ceased on 31 March 2022. New hospital discharge grant funding for 2023-24 has since been announced but the grant conditions have yet to be published. It is possible that the funding may mitigate some of this pressure.

Independent Living Fund (ILF) - £2,534,293 ongoing

In 2015 local authorities in England became responsible for supporting clients previously supported through the ILF. The Government originally committed to providing funding until 2019-20. One-off grant support was then provided by Government at the same cash level from 2020-21 to 2022-23. The Provisional Settlement for 2023-24 announced that this ring-fenced grant is being rolled up into the Social Care Grant from 2023-24, at the same cash level. The Council is providing additional ongoing funding of £2,534,293 to the Adult Social Care and Health base budget to reflect the roll up of this grant.

Invest to Save Costs - £1,175,000 ongoing

This reflects additional project, professional and technical resources to deliver transformation including a proposed revised co-funding policy, increasing the uptake of direct payments to promote choice and control, implementation of new on-line tools for the self-assessment of needs and financial assessments, and commissioning reviews. The amount requested reduces in future years of the medium-term financial plan reflecting delivery of projects.

MOSAIC revised hosting arrangements - £125,000 ongoing

Additional contract costs of the core case management system for Adult and Children's Social Care. This reflects revised hosting arrangements. A further pressure of £375,000 is also built into the 2024-25 budget to reflect the full year contract variation.

Derbyshire Discretionary Fund (DDF) - £2,006,000 one-off

The DDF is a financial assistance scheme to residents of Derbyshire who meet eligibility criteria. The scheme has catered for significant additional demand using time-limited Covid-19 funds including the Household Support Fund. A review of the scheme is being undertaken with a view to aligning the level of assistance to the original base budget. The recently announced extension of the Household Support Fund into 2023-24 may mitigate some of this pressure but the Council's allocation has yet to be announced.

Social Care Reform - £300,000 one-off

The charging aspect of Social Care Reform has been deferred. However some aspects of the system reform are continuing and will require one-off financial resources to implement including readiness and preparation for the Adult Care new inspection regime.

Inflation - Contract Fees paid to Care Providers - £22,830,000 inflation ongoing contingency

There is an annual process to determine the inflation uplift payable to independent sector care providers. The calculation is based on an existing fee model with the key factors being the increase in the National Living Wage (9.7% for 2023-24) and the impact of average earnings growth and CPI across other non-care wages and running costs (estimated at 9% for 2023-24).

Inflation - Transport and Catering Supplies - £673,000 inflation one-off contingency

This reflects the additional inflation pressure associated with transport and catering contracts for directly provided care settings.

Children's Services – Total - £1,844,000 one-off, £3,903,263 inflation ongoing contingency

Special Needs (SEND) Home to School Transport - £1,084,000 one-off

The number of children with SEND support is increasing year on year, leading to growth in the number of children eligible for Special Needs Home to School Transport.

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.

Elective Home Education - £360,000 one-off

Since the pandemic, 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.

Inflation - Home to School Transport - £1,811,000 inflation ongoing contingency

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

Inflation - Children's Social Care - £2,092,263 inflation ongoing contingency

To fund inflationary uplifts in allowances paid to carers, placement fees and other support services. Additional one-off support will be provided in-year if required.

Corporate Services and Transformation – Total – £1,908,867 ongoing, £3,252,000 one-off, £5,663,000 inflation one-off contingency

Legal Services – Staffing Budget Deficit – £952,000 ongoing

To ensure the Legal Services salaries budget meets the costs of the current structure.

Legal Services – Child Protection – £850,000 ongoing

Jointly endorsed pressure by Legal Services and Children's Services to secure funding to cover the budget deficit for children in care proceedings.

Organisation, Development and Policy – Leadership Development Programme - £300,000 one-off

The funding will enable the second year of the Council's leadership development programme. This programme will enable and upskill our leaders to understand their role in leading their teams within a high-performance culture and support the facilitation of cultural transformation across the Council.

Organisation, Development and Policy - Business Partnering Hub and Spoke Transformation Model - £180,000 one-off

Aligned to the creation of the new Transformation and Strategy Division, this funding will enable the training for employees in Prince2, MSP and MoP to equip them with the right skills to ensure the Council delivers projects efficiently and successfully.

Organisation, Development and Policy - Vision Derbyshire annual contribution - £87,000 ongoing

The funding is to support the ongoing implementation of the Vision Derbyshire approach in particular the funding of the programme team.

Food Safety Enforcement - £19,867 ongoing

The Provisional Settlement for 2023-24 announced that this grant is being rolled up into the Revenue Support Grant from 2023-24, at the same cash level. The Council is providing additional ongoing funding of £19,867 to the Corporate Services and Transformation base budget to reflect the roll up of this grant.

Corporate Property – Disposal Professional Fees - £446,000 one-off

To instruct property agents and solicitors required to deliver capital receipts for the forecasted five-year Disposal Programme, a plan to deliver revenue budget savings through the rationalisation of the Council's property assets which may involve selling or relinquishing leases of those assets. Additional resource to support with tracking, reporting and general technical responsibilities to ensure retained professionals can focus on value added opportunities.

Corporate Property – Demolition Budget - £550,000 one-off

To replenish the Corporate Revenue Demolition Budget, which is already fully committed for this financial year with projects in progress, to enable demolition work to continue on identified and agreed surplus and operational sites so that sites can either be redeveloped for operational purposes (e.g new schools) or in the case of surplus assets, sold on the open market for an enhanced value. The demolition of surplus assets will also ensure that outcomes of the ASCH (Adult Social Care and Health) Housing, Accommodation and Support Strategy 2019-2035 can be delivered.

Corporate Property – Asset Valuations & Fees - £324,000 one-off

Additional fees required to meet the statutory requirement to value the Council's Property Asset base including the newly introduced IFRS 16 valuations. Current in-house team is suffering from significant recruitment issues and unable to achieve the 2023/24 valuations without additional support from external agencies.

Corporate Property – Commercial Appraisal Officers - £229,000 one-off

Development Appraisal Team required to accelerate asset appraisals, determining deliverable options for property assets identified during the asset challenge process, enabling faster decision making regarding best consideration for the Council and quicker realisation of value for the Council. These posts would be essential for the delivery of the accelerated programme of asset rationalisation, where outsourcing this advice is time consuming and expensive.

Corporate Property – Carbon Reduction for Corporate Buildings - £400,000 one-off

To support the carbon reduction programme for corporate buildings.

Corporate Property – CCTV Installations/Rationalisation - £179,000 one-off

To implement outcomes of CCTV Governance investigations in order to bring the Council into a position of compliance with the Information Governors Code of Practice.

Corporate Property – Decommissioning, Dilapidations and Staff relocations - £501,000 one-off

To decommission buildings that are closing and being disposed of. This includes relocating staff, services and data, clearing sites of unwanted furniture and equipment, reduction or closing off utilities, boarding up, additional security measures for vacant premise or any dilapidations for rented premises etc.

Corporate Property – Project Co-ordination Pool - £143,000 one-off

To add additional resource for internal projects to achieve the asset rationalisation programme

Inflation – Property running costs - £5,663,000 inflation one-off contingency

To cover increased property running costs including utility costs.

Place – Total - £4,090,000 ongoing, £3,661,000 one-off, £6,308,000 inflation one-off contingency

Elvaston Master Plan - £50,000 ongoing, £340,000 one-off

The Elvaston Masterplan requires targeted activity to develop and test the business case for the Masterplan. This will help ensure sustainable and commercially viable solutions are secured for the estate. The planned work includes preliminary studies, assessments and design work to identify the costs, requirements and potential return on investment.

Highways Revenue/Reactive Maintenance - £2,000,000 ongoing £2,500,000 one-off

Current budgets within the Highways Service were set on an historic organisational structure with an income target that is not achievable with the current level of staff resource. As the highways authority the Council has a statutory duty to maintain highways. Reactive maintenance is necessary whereby the Council is required to attend to defects on the highways and in response to emergency situations such as flooding. The Highway Service operates an out-of-hours service and is developing procedures to allow quicker response times. Neglecting this duty can lead to claims against the Council for damages. The current delivery model is being reviewed under the ongoing work in the “Derbyshire Highways Programme” (formerly the ‘Future Highways Model’).

Bus Companion Service - £150,000 ongoing

Residents of Derbyshire who qualify can apply for a Gold Card which is valid for free travel on buses at specified times. This is a national scheme, and the terms are laid down in statute. Introducing a Companion Service will allow a discretionary service to provide free travel to a family member or carer when they accompany Gold Card holders.

Commercial Services - £1,000,000 ongoing

Most of the local bus services in Derbyshire are run commercially. Providers have withdrawn from certain routes as they are no longer commercially viable. Where there isn't a commercial case to operate specific local bus routes across Derbyshire, then the Council – in its role as Local Transport Authority (LTA) – can consider funding a service to maintain services where there is a social, economic, and environmental need for them to operate key routes in the county.

Restructure of Integrated Transport Unit - £200,000 ongoing

Many of the services offered by the Integrated Transport Unit (ITU) have statutory or legislative requirements. The ITU commissions and manages a significant number of services through an IT system which requires replacement and an upgrade to meet increasing demand and complexity. A service restructure is required to ensure adequate resources are in place to meet current and future demands and challenges, improve service delivery and efficiency, meet the Council's statutory duties, and administer the Bus Services Improvement Plan (BSIP) grant.

Grounds Maintenance - £365,000 ongoing

The Countryside Service has developed a business plan which establishes the service's strategy and operational priorities over the medium term. Funding is required to enable a bespoke grounds maintenance schedule of work and appropriate allocation of resources across the Council's 123 countryside sites. It will also enable management of leachate at Grassmoor Lagoons in compliance with statutory environmental obligations and Environment Agency requirements.

Management Team Restructure - £325,000 ongoing, £325,000 one-off

The new departmental strategy for Place outlines a new approach and the need for additional investment in senior management. This will fund the restructure that took place in 2022 and help the department in the delivery of Council Plan Objectives.

APP/Flare Database - £46,000 one-off

The Trading Standards database provides an effective and efficient way of recording all the work undertaken by the service. This helps not only with workload management but provides an essential source of evidence for investigations and prosecutions. It also acts as the database for the Trusted Trader Scheme and licences. A new database is needed as the contract for the current one is about to end. The new system will be purchased, implemented and existing data will need to be migrated across.

Ash Die Back and Woodland Creation - £450,000 one-off

The Council is undertaking a step change in tree-planting across the county driven by its Climate Change Strategy, Nature Recovery Motion, and its anticipated role as responsible authority for the Derbyshire Local Nature Recovery Strategy. The target is to facilitate the planting of up to one million trees by 2030, and to ensure delivery of the Council's Ash Die Back Action Plan.

Inflation - Reactive Maintenance - £1,025,000 inflation one-off contingency

As the Highways Authority, the Council has a statutory duty to maintain highways. The cost of doing so has been impacted by hyperinflation due to the cost of construction materials required to maintain the highway.

Inflation - Waste - £3,583,000 inflation one-off contingency

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

Inflation - Tendered Network Increase - £1,700,000 inflation one-off contingency

The supported local bus network has recently been re-tendered and a significant increase in cost has been experienced due to inflationary pressures. These costs are being passed onto the Council as otherwise the routes would no longer be commercially viable and there would be a risk that the bus operators would withdraw the service.

BUDGET SAVINGS PROPOSALS 2023-24

Adult Social Care and Health – Total - £12,139,000

Continuation from Previous Years' Schemes:

Best Life Derbyshire – Working Age Adults - £1,881,000

This is part of the Council's four-year Best Life 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 adults living with a disability across the whole county.

Continuation from Previous Years' Schemes:

Best Life Derbyshire - Older People's Pathway - £4,103,000

This is part of a four-year Best Life 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-focused assessments and reviews.

Continuation from Previous Years' Schemes:

Review of Housing Related Support - £300,000

This is being reviewed as part of the Practical Housing Support Project to ensure value for money and effectiveness to meet adult social care priorities.

Continuation from Previous Years' Schemes:

Preparation and Planning for Disabled Children - £330,000

This is part of the four-year Best Life 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 Legacy Community Alarm Provision - £300,000

This is 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.

Best Life Derbyshire – Short Term Services: Optimising the Service - £602,000

This is an extension of the four-year Best Life 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.

Direct Payments – Increased Uptake - £600,000

The Care Act explicitly encourages the use of Direct Payments as they provide customers with increased flexibility, choice and control and are generally more cost effective. Increased promotion and uptake of Direct Payments, as opposed to the use of local authority arranged services, will deliver this efficiency.

Integrated Community Equipment Service (ICES) - £800,000

A review and re-negotiation of the contributions made by partners to the ICES to more closely align with the relative levels of prescribing by various health and social care teams across Derbyshire.

Direct Provision - £1,250,000

The re-provision of in-house services will deliver net savings after funding the cost of alternative services.

Other Contracts - £300,000

Review and re-commissioning of long-term contracts.

Children's Services – Total - £500,000

Early Intervention and Prevention - £500,000

Reductions in spend on children's social care placements achieved by developing an Early Help and Prevention Strategy, including: an Edge of Care service model, a fostering modernisation programme and procurement efficiencies.

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 have been recent rises in the base rate of interest, which will contribute to enhanced returns on cash balances available for investment.

Place – Total - £1,200,000

Continuation from Previous Years' Schemes:

Waste - £580,000

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

Continuation from Previous Years' Schemes:

Derbyshire Highways – £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.

Elvaston Castle and Country Park – £120,000

The work being undertaken to develop a business case for Masterplan delivery (subject to a separate pressure bid) will help address the financial sustainability of the Elvaston estate in the medium to long term through capital investment. A reduction in minor repairs and maintenance can therefore be sustained in the short term.

BUDGET SAVINGS PROPOSALS 2024-25

Adult Social Care and Health – Total - £11,435,000

Continuation from Previous Years' Schemes:

Best Life – Working Age Adults - £440,000

Best Life - Older People's Pathway - £132,000

Review of Housing Related Support - £100,000

Preparation and Planning for Disabled Children - £260,000

Best Life - Short Term Services: Optimising the Service - £603,000

Direct Payments – Increased Uptake - £600,000

Year two of efficiency to increase the uptake of direct payments

High Cost Package Review - £900,000

Targeted review of high cost, specialist placements in care homes and supported living settings. Also facilitated by the development of a new Dynamic Purchasing System to include a new fee schedule and encouraging the best offer from care providers.

Short Breaks Re-design - £300,000

A review of the current short breaks offer to people with a learning disability and /or who are autistic and their carers. The review will consider alternatives to the current in-house offer including a separate offer for regular and emergency respite.

Charging Policy Co-funding - £8,000,000

It is proposed that the current charging policy for non-residential services is revised with a planned implementation date of April 2024. This will align Derbyshire with the majority of other local authorities. It will take account of customers' full levels of benefits, private income and savings but allow for the consideration of housing and living costs and additional disability-related expenditure.

Direct Day Care 65+ - £100,000

A review of the current offer for day care (including transport) for older people and their carers.

Children's Services – Proposals in development

The department is undertaking a significant ongoing programme of work to manage demand pressures. The extent to which those can contribute to Council savings plans beyond the 2023-24 financial year will be subject to review.

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.

Place – Total - £2,870,000

Continuation from Previous Years' Schemes:
Elvaston Castle and Country Park – £120,000
Waste - £1,750,000
Derbyshire Highways – £1,000,000

BUDGET SAVINGS PROPOSALS 2025-26

Adult Social Care and Health – Total - £3,063,000

Continuation from Previous Years' Schemes:
Preparation and Planning for Disabled Children - £160,000
Best Life - Short Term Services: Optimising the Service - £603,000

Direct Payments – Increased Uptake - £700,000
Year three of efficiency to increase the uptake of direct payments.

High Cost Package Review - £900,000
Year two of the targeted review of high cost, specialist placements in care homes and supported living settings.

Short Breaks Re-design - £300,000
Year two of the review of the current offer for short breaks for people with a learning disability and/or who are autistic and their carers.

Direct Day Care 65+ - £400,000
Year two of the review of the current offer for day care (including transport) for older people and their carers.

Children's Services – Proposals in development

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

Continuation from Previous Years' Schemes:
SAP - £50,000
Property Services – £950,000

Place – Total - £120,000

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

BUDGET SAVINGS PROPOSALS 2026-27

Adult Social Care and Health – Total - £1,100,000

**Continuation from Previous Years' Schemes:
Preparation and Planning for Disabled Children - £200,000**

High Cost Package Review - £900,000

Year three of the targeted review of high cost, specialist placements in care homes and supported living settings.

Children's Services – Proposals in development

Corporate Services and Transformation – Nil

Place – Total - £120,000

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

BUDGET SAVINGS PROPOSALS 2027-28

Adult Social Care and Health – Nil

Children's Services – Proposals in development

Corporate Services and Transformation – Nil

Place – Nil

Appendix Seven

FIVE YEAR FINANCIAL PLAN for 2023-24 to 2027-28					
	2023-24	2024-25	2025-26	2026-27	2027-28
	£m	£m	£m	£m	£m
FUNDING					
Business Rates and Government Grants					
Business Rates	15.365	15.732	17.107	17.489	18.879
Top-Up	97.774	102.662	106.769	109.972	112.171
Revenue Support Grant	15.714	16.500	16.500	16.500	16.500
Improved Better Care Fund	35.733	35.733	35.733	35.733	35.733
New Homes Bonus	1.106	1.106	1.106	1.106	1.106
General Grant	87.264	94.830	74.830	74.830	74.830
PFI Grant	10.504	10.504	10.504	10.504	10.504
Sub Total	263.460	277.068	262.549	266.134	269.723
Council Tax	387.461	406.504	420.748	435.494	450.761
Use of Other Balances BM/Gen Reserve	23.707	4.652	5.200	2.000	2.000
TOTAL FUNDING	674.628	688.224	688.497	703.628	722.485
EXPENDITURE:					
Base Budget	604.651	650.921	683.572	683.297	701.628
Price Inflation	0.000	0.112	0.112	0.112	0.112
Pay Award (including Living Wage)	11.051	5.542	5.615	5.729	5.845
Contingency for Price Increases	26.933	18.625	8.854	9.155	10.058
Debt Charges	0.000	3.750	3.750	0.000	0.000
Interest Receipts	0.000	0.000	0.000	0.000	0.000
MRP adjustment	0.000	0.000	0.000	0.000	0.000
Funding Changes	-1.417	0.000	0.000	0.000	0.000
Ongoing Service Pressures (see below)	20.544	8.513	4.904	5.289	3.960
Budget Savings Identified	-16.190	-15.957	-4.183	-1.220	0.000
Risk Management Budget	5.349	12.066	-12.066	0.000	0.000
	650.921	683.572	690.558	702.362	721.603
One-off Expenditure:					
One-off Revenue Support	11.063	2.952	2.000	2.000	2.000
Contingency for One-off Revenue Bids	12.644	1.700	1.700	0.000	0.000
One-off budget cuts support (timing delays)	0.000	0.000	0.000	0.000	0.000
Elections	0.000	0.000	1.500	0.000	0.000
	23.707	4.652	5.200	2.000	2.000
Further Budget Savings Required	0.000	0.000	-7.261	-0.733	-1.119
TOTAL EXPENDITURE	674.628	688.224	688.497	703.628	722.485
Ongoing Base Budget	650.921	683.572	683.297	701.628	720.485

Appendix Seven

Assumptions	2023-24	2024-25	2025-26	2026-27	2027-28
Price Inflation	10.70%	5.00%	4.00%	3.00%	2.00%
Pay Award	4.00%	2.00%	2.00%	2.00%	2.00%
Business Rate Growth	2.00%	2.00%	2.00%	2.00%	2.00%
BR Taxbase (£m)	18.365	18.732	19.107	19.489	19.879
BR Collection Fund Position (£m)	-3.000	-3.000	-2.000	-2.000	-1.000
Top Up CPI	3.04%	5.00%	4.00%	3.00%	2.00%
Council Tax Increase	3.75%	3.00%	2.00%	2.00%	2.00%
CT Taxbase Change	1.57%	1.50%	1.50%	1.50%	1.50%
CT Taxbase	261,141	265,058	269,034	273,069	277,166
CT Collection Fund Position (£m)	1.500	3.000	3.000	3.000	3.000
Council Tax (£/Band D)	1,477.98	1,522.32	1,552.77	1,583.83	1,615.50
Ongoing Service Pressures					
Older People Demography	3.471	3.568	2.475	2.521	2.567
Transitions from Childrens/Demand	2.240	1.796	1.831	1.868	1.905
New Hospital Discharge Arrangements	5.000	0.000	0.000	0.000	0.000
MOSAIC Revised Hosting Arrangements	0.125	0.375	0.000	0.000	0.000
Invest to Save Costs	1.175	-0.344	0.000	0.000	-0.512
DDF - Demand/Revised Scheme	0.000	0.000	0.798	0.000	0.000
ILF Grant rolled into Social Care Grant	2.534	0.000	0.000	0.000	0.000
SEND Home to School Transport Demand	0.000	2.168	0.000	0.000	0.000
Children's social care - demography	0.000	0.000	0.000	0.000	0.000
Social Worker Market Supplement	0.000	0.400	0.000	0.000	0.000
Pension Fund	0.000	0.000	0.000	1.000	0.000
Staffing Budget Deficit	0.952	0.000	0.000	0.000	0.000
Child Protection	0.850	-0.100	-0.100	-0.100	0.000
Vision Derbyshire	0.087	0.000	0.000	0.000	0.000
Food Safety Enf Grant rolled into RSG	0.020	0.000	0.000	0.000	0.000
Elvaston Master Plan Staff	0.050	0.000	0.000	0.000	0.000
Rebasing Capital Salaries	2.000	0.000	0.000	0.000	0.000
Waste - Growth	0.000	1.250	0.000	0.000	0.000
Bus Companion Service	0.150	0.000	0.000	0.000	0.000
Commercial Services	1.000	-0.600	-0.100	0.000	0.000
Restructure and Increase in Staffing	0.200	0.000	0.000	0.000	0.000
Grounds Maintenance	0.365	0.000	0.000	0.000	0.000
AD Roles and PA Restructure	0.325	0.000	0.000	0.000	0.000
	20.544	8.513	4.904	5.289	3.960

Appendix Seven

Ongoing Corporate Inflation Pressures					
Risk Management Budget Reimbursement	5.349	0.000	0.000	0.000	0.000
	5.349	0.000	0.000	0.000	0.000
Pay Award	11.051	5.542	5.615	5.729	5.845
	11.051	5.542	5.615	5.729	5.845
PSAA External Audit Fee Increase	0.200	0.000	0.000	0.000	0.000
Contract Fees Paid to Care Providers	22.830	10.584	7.240	7.508	8.379
Home to School Transport	1.811	1.811	0.360	0.367	0.375
Children's social care - carer allowances	1.080	0.220	0.224	0.229	0.233
Children's social care - ext. placements	0.560	0.890	0.908	0.926	0.944
Children's social care - residential/other	0.452	0.120	0.122	0.125	0.127
Property Running Costs	0.000	5.000	0.000	0.000	0.000
	26.933	18.625	8.854	9.155	10.058
One-Off Pressures					
DDF - Demand/Revised Scheme	2.006	1.406	0.000	0.000	0.000
Social Care Reform	0.300	0.000	0.000	0.000	0.000
SEND Home to School Transport Demand	1.084	0.000	0.000	0.000	0.000
Elective Home Education	0.360	0.000	0.000	0.000	0.000
Social Worker Market Supplement	0.400	0.000	0.000	0.000	0.000
Leadership Development Programme	0.300	0.300	0.150	0.000	0.000
Business Partnering Hub	0.180	0.000	0.000	0.000	0.000
Disposal Professional Fees	0.446	0.092	0.000	0.000	0.000
Demolition Reserve Replenishment	0.550	0.550	0.000	0.000	0.000
Asset Valuations and Fees	0.324	0.054	0.000	0.000	0.000
Project Co-Ordination Pool	0.143	0.140	0.000	0.000	0.000
Commercial Appraisal Officers	0.229	0.225	0.000	0.000	0.000
Carbon Reduction for Corporate Buildings	0.400	0.000	0.000	0.000	0.000
CCTV Installations/Rationalisation	0.179	0.039	0.000	0.000	0.000
Property Decommissioning	0.501	0.000	0.000	0.000	0.000
Elvaston Master Plan Staff	0.340	0.000	0.000	0.000	0.000
APP/Flare Database	0.046	0.046	0.046	0.000	0.000
Reactive Maintenance	2.500	0.000	0.000	0.000	0.000
Ash Dieback and Woodland Creation	0.450	0.100	0.000	0.000	0.000
AD Roles and PA Restructure	0.325	0.000	0.000	0.000	0.000
Estimated one-off pressures	0.000	0.000	1.804	2.000	2.000
	11.063	2.952	2.000	2.000	2.000
One-Off Corporate Inflation Pressures					
Transport Contracts/Catering Supplies	0.673	0.000	0.000	0.000	0.000
Property Running Costs	5.663	0.000	0.000	0.000	0.000
Reactive Maintenance	1.025	0.000	0.000	0.000	0.000
Waste	3.583	0.000	0.000	0.000	0.000
Tendered Network Increases	1.700	1.700	1.700	0.000	0.000
	12.644	1.700	1.700	0.000	0.000



Derbyshire County Council

Equality Impact Analysis Record Form

Derbyshire County Council Revenue Budget 2023-24

Department	ALL
Service Area	ALL
Title of policy/ practice/ service of function	REVENUE BUDGET FOR 2023-24
Chair of Analysis Team	Paul Stone, Interim Director of Finance & ICT

Stage 1. Prioritising what is being analysed

- Why has the policy, practice, service, or function been chosen?
- 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 within 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 2023-24 are significant and reliant on the Council's ability to achieve this level of savings whilst responding to significant service pressures and external factors such as increased inflation and the cost of living crisis, whilst maintaining a balanced budget position. 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

Name	Area of expertise/ role
Paul Stone (Chair)	Interim Director of Finance & ICT
Mary Fairman	Assistant Director, Legal Services
Tina Adams	Head of Financial Management & Strategy
John Cowings	Senior Policy Officer, Equalities
Angela Beighton	Assistant Director 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 2023/24
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 £16.190m in 2023-24, with expenditure at £674.628m for the financial year, which includes £70.984m of additional budget proposals. Over the period of the FYFP, efficiencies of approximately £46.663m 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 2023-24 in the following areas.

Adult Social Care & Health

- Increase on Contract Fees paid to Care providers - £22.830m
- Demographic Growth - £5.711m
- New Hospital Discharge Arrangements - £5.000m
- Independent Living Fees - £2.534m
- Derbyshire Discretionary Fund - £2.006m
- Inflation Transport & Catering Supplies - £0.673m
- Social Care Reform - £0.300m
- Invest to Save Costs of Transformation - £1.175m
- Mosaic Hosting Arrangements - £0.125m

Total for Adult Social Care & Health = £40.354m

Children's Services

- Special Needs (SEND) Home to School Transport including Inflation - £2.895m
- Inflation Childrens Social Care - £2.092m
- Social Workers - £0.400m
- Elective Home Education - £0.360m

Total for Children's Services = £5.747m

Corporate Services and Transformation (CST)

- Legal Services - £0.952m Alignment of Staffing Budget with current structure.
- Legal Services Child protection – £0.850m
- Organisation Development and Policy Leadership Development programme - £0.300m
- Organisation Development Business Partnering and Transformation Model - £0.180m
- Organisation Development and Policy Vision Derbyshire - £0.087m
- Food Safety Enforcement - £0.020m
- Corporate Property Disposal Professional Fees - £0.446m
- Corporate Property Demolition Budget - £0.550m
- Corporate Property Asset valuation and Fees - £0.324m
- Corporate Property Commercial Appraisal Officers - £0.229m
- Corporate Property Carbon Reduction for Corporate Buildings - £0.400m
- Corporate Property CCTV Installations - £0.179m
- Corporate Property Decommissioning - £0.501m
- Corporate Property project Co-ordination Pool - £0.143m
- Inflation Property Running Costs - £5.663m

Total for CST = £10.824m

Place

- Waste Inflation - £ 3.583m
- Reactive Highways Maintenance including inflation - £5.525m
- Local Bus Network Inflation - £1.700m
- Commercial Services – Buses - £1.000m
- Management Team Restructure - £0.650m
- Grounds Maintenance - £0.365m
- Elvaston Master Plan - £0.390m

- Restructure of Integrated Transport Unit - £0.200m
- Bus Companion Service - £0.150m
- Trading Standards Flare Database - £0.046m
- Ash Die Back and Woodland Creation - £0.450m

Total for Place = £14.059m

Totals for the Council in 2023-24 = £70.984m

The Council has set out its key priorities for Equality, Diversity & Inclusion and its strategic approach focuses 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 Council's 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:

- Social workers - £0.400m. To support and fund market supplements in the frontline structure negating the need to hold vacancies. Supporting the Councils Recruitment Strategy pending a review on the impact of pay on recruitment & retention of social workers.
- Place – Restructuring of the Integrated Transport Unit - £0.200m. To support the restructure of staffing to improve the delivery of services related and implement the Bus services Improvement Plan.
- Place - New Assistant Director Roles and PA Re-structure - £0.650m. The new departmental strategy in Place outlines a new approach and the need for investment in senior managers to enable to department to develop robust strategies and deliver savings, becoming more efficient in delivering Council Plan priorities.
- Place - Elvaston Master Plan - £0.050m. To support the costs of a project manager to enable the business to develop the Business case for capital investment to deliver the masterplan.
- Legal services Staffing Budget Deficit -£0.952m ensuring budget is in place to maximise service delivery and ensure vacancies can be filled.

- Organisational, Development and Policy Leadership Development Programme - £0.300m to support development of staff in leadership roles ensuring a developed workforce. Business Partnering Hub and Spoke Transformation Model £0.180m supporting the transformation division in training to ensure the Council delivers projects efficiently and effectively.
- Corporate Property - £2.050m on a number of proposals focussing on Asset management and ensuring workforce accommodation is fit for purpose and meets the Modern Ways of Working Agenda.

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:

- Adult Social Care & Health - £22.830m to cover the inflation uplift payable to the independent care sector providers ensuring providers maintain their business and continue to provide adequate and quality provision in the County.
- Place – Management Restructure - £0.650m. A number of new posts created with 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.
- Place – Commercial Services - £1.000m. Most of the local bus services in Derbyshire operate on a commercial basis. Providers have withdrawn from certain routes as they are not commercially viable, therefore the Local Transport authority needs to consider filling the gap and help to support the routes. This in turn maintains local transport routes for residents, and enables people to use public transport to get to and from places of employment.
- Corporate Services and Transformation – Legal Staffing Budget Deficit £0.850m, Child protection £0.850m, Disposal Professional Fees - £0.446m, Commercial Appraisal Officer - £0.229m, project Co-ordination pool - £0.143m these proposals will involve jobs being created within the Council which in turn increases the employments opportunities within the County.

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:

- Adult Social Care & Health – Independent Living Fund £2.534m to support the choice of individuals to receive care packages and remain in homes as an alternative to entering residential care.
- Derbyshire Discretionary Fund - £2.006m to provide financial assistance to residents of Derbyshire who meet eligibility criteria.
- Children’s Services Elective Home education - £0.360m supporting families who choose a home education setting, ensuring any safeguarding risks and assessing suitability of education.

Healthy and Supported People

Addressing and reducing 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 - £5.711m 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 Children’s Services.
- Adults Social Care & Health - £5.000m to facilitate rapid hospital discharges with access to the most appropriate post-discharge support, working with partners to commission support packages.
- Adult Social Care & Health Discretionary Fund - £2.006m providing additional support to residents in Derbyshire in financial need and who meet eligible criteria.
- Place - Ash die back and Woodland Creation - £0.450m. 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 poorer 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 respiratory conditions can have on people’s lives, making the vulnerable even more vulnerable. The budget proposal above is part of the Climate Control Strategy and has potential to improve air quality which could help to improve the health of people living with breathing conditions.

- Children’s Services Special Needs Home to School Transport - £1.084m to meet the increased costs and demand of children with special educational needs ensuring they have transportation to school
- Children’s Services Legal Costs - £1.100m to meet the increase in cost, demand and complexity of children in care proceedings supporting the safety and care of children and young adults.
- Children’s Services Elective Home Education - £0.360m 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’s 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:

- Adult social Care & Health - £0.400m Social Workers. Supporting budgets for market supplements to ensure vacancies can be filled in order to have sufficient resource to safeguard vulnerable adults and young
- Place Bus Companion Service - £0.150m to allow a discretionary service to provide free travel to a family member or carer when they accompany a Gold card holder on a qualifying bus journey.

Stage 4. Data and consultation feedback

a. Sources of data and consultation used

Source	Reason for using
Council Budget Report – February 2023	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.

Derbyshire County Council Budget Consultation for 2023-24 (conducted October-December 2022)	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?

<i>Protected Characteristic</i>	<i>Findings</i>
Age	<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 Children’s Services. These departments have the largest total budgets. The other departments also provide some services which the public use but which, if altered, can specifically lead to implications for people of different ages, such as public transport, libraries and consumer protection.</p> <p>The proposals for 2023-24 include important proposed changes that will impact upon people on grounds of their age.</p>

Older people

The budget proposed for 2023-24 includes a number of possible savings that could further affect older people, carers and families, including:

- Best Life Derbyshire – Working age adults £1.881m
- Better Life Derbyshire – Older Peoples Pathway £4.103m
- Direct Care - £1.673m
- Direct Provision £ 1.250m
- Integrated Community Equipment Service - £0.800m
- Best Life Derbyshire Short Term services - £0.602m
- Direct Payments increased take-up - £0.600m
- Review of Housing Related Support Schemes - £0.300m
- Review of Community Alarm Provision - £0.300m
- Review of long-term contracts - £0.300m

For older people the most obvious proposals which could result in an adverse impact could come from the Older people's pathway and the proposals in relation to direct care provision. It is recognised that these proposals potentially affect older and disabled people in particular. However, many of the proposal not only result in savings but are also directly associated with achieving best value provision through alternate delivery methods which include keeping people in their own homes for longer which will have a positive impact on these people.

These proposed changes have been examined in a full EIA.

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

Children and families

The budget for 2023-24 will include a number of significant savings proposals which could affect children, young people, carers and families including:

- Early Intervention and Prevention - £0.500m
- Preparation and planning for disabled children - £0.330m
- Future Highways Model - £0.500m
- Waste - £0.580m
- Review of Housing Related Support Schemes - £0.300m
- Elvaston castle and Country Park - £0.120m

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 Highways, waste and Elvaston Country Park could also have an impact on families and children.

Potential for impact on older workers within the Council

A number of proposals may include restructuring of staffing teams, although details are not available at this level of the budget.

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>Disability</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 2023-24 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"> • Working age Adults - £1.881m • Older people's pathway - £4.103m • Direct Care - £1.673m • Integrated Community Equipment Services - £0.800m • Direct Payments increased uptake - £0.600m • Best Life Derbyshire Short-term Services - £0.602m • Preparation and Planning for Disabled Children - £0.330m • Housing Related Support - £0.300m • Review of Community Alarm Provision - £0.300m <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 ten years.</p>
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	<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>Gender (Sex)</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 a parent needing support.</p> <p>Women make up almost 80% of the total workforce and a similar majority of the many part-time workers we employ. Proposals within this budget include a number to restructure service teams, where women, by nature of the proportion they represent, are likely to be affected to a greater degree.</p> <p>Amongst the proposals, the following are likely to impact on women to a greater extent:</p> <ul style="list-style-type: none"> • Working age Adults - £1.881m • Older peoples pathway - £4.103m • Direct Care - £1.673m • Integrated Community Equipment Services - £0.800m • Direct Payments increased uptake - £0.600m • Review of Housing Related Support schemes - £0.300m <p>Women as mothers/ parents and older women could be adversely 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> 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., care workers.</p>
<p>Gender re-assignment</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>Marriage and civil partnership</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>Pregnancy and maternity</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 services 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 2023-24 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"> • Preparation and Planning for Disabled Children - £0.330m
<p>Race</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 2023-24 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"> • Working Age Adults - £1.881m • Older people’s pathway - £4.103m • Direct Care - £1.673m • Integrated Community Equipment services - £0.800m • Best Life Derbyshire Short Term services - £0.602m • Increase in Direct payments - £0.600m • Review of Housing Related Support Schemes - £0.300m • Preparation and Planning for Disabled Children - £0.330m • Review of the Community Alarm Provision - £0.300m <p>However it should also be noted that the many of the proposals around older people are associated with alternate service delivery and keeping people in their homes for longer which although will generate savings for the Council will deliver a better value provision and have a positive impact on these people.</p> <p><u>BME employees</u> 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>Religion and belief including non-belief</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 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"> • Working Age Adults - £1.881m • Older people’s pathway - £4.103m • Review of Housing Related Support Schemes - £0.300m • Preparation and Planning for Disabled Children - £0.330m <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>Sexual orientation</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 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 LGBTQ people in relation to a number of services or functions of the Council.</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.

In addition to proposal affecting older people and families, which are listed n above categories an additional small number of the proposals are believed to have implications for people who are lesbian, gay, bisexual or who identify differently than heterosexual including:

LGBTQ employees

Lesbian gay, bisexual and other non-heterosexual workers (LGBTQ) workers make up around 2% of the workforce, and are represented across the authority, with slightly higher proportions working in Adult Social Care and Health, and lower than average proportions in Economy Transport and Environment.

The LGBTQ Employee Network has historically provided useful feedback to the Council over how new or changing policies and service might impact upon or be used/ accessed by LGBQ and T people. There is no current evidence to suggest that as employees they have been disproportionately adversely affected by changes to the workforce arising out of budget savings.

Non-statutory

<p>Socio-economic and social mobility</p>	<p>Derbyshire has a high variation between households who are affluent and those which experience deprivation or socio-economic disadvantage. Many services provided by the Council are designed to meet people with fewer resources, people who may experience poorer health, or have lower life chances. Accordingly, for many of our customers, deprivation or disadvantage will be a key determining factor which accounts for access and consumption.</p> <p>Most of the proposals in the budget will exercise a potential adverse impact on those who have fewest resources, or who are least able to cope when services are reduced or removed.</p> <p>The following proposals are expected to exercise a significant possible adverse impact of people with fewer resources, or living in deprived communities, including:</p> <ul style="list-style-type: none"> • Childrens Services – Early Intervention and Prevention - £0.500m. • Adult Social Care & Health Review of Housing Related Support - £0.300m. • Adult Social Care & Health Review of Community Alarm provision - £0.300m. • Adult Social Care & health Direct Payments increased Uptake - £0.600m <p>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 2023-24 could further limit some aspects of social mobility.</p>
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	<p>This will include savings in relation to 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.</p> <p>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>
<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"> • Working Age Adults - £1.881m • Older people’s pathway - £4.103m • Direct Care - £1.673m • Short Term Services - £0.602m • Direct Payments increase take-up - £0.600m • Review of Housing Related Support Schemes - £0.300m • Preparation and Planning for Disabled Children – £0.330m

	<ul style="list-style-type: none"> • Review of Community Alarm Provision £0.300m • Elvaston Castle and Country Park - £0.120m • Future Highways Model - £0.500m <p>The Council employs people from across Derbyshire, including many people who live in its rural areas. The extent to which any job losses amongst workers will impact on rural communities is un-researched.</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> <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.</p> <p>The Council has supported businesses during the pandemic ensuring prompt payment of goods and services and implementing a hardship fund.</p> <p>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.</p>

	<p><u>Public and private partners</u></p> <p>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:</p> <ul style="list-style-type: none"> • Working Age Adults - £1.881m • Older Adult’s pathway - £4.103m • Direct Care - £1.673m • Review of housing Related Support Schemes - £0.300m • Preparation and Planning for Disabled Children - £0.330m • Future Highways Model - £0.500m <p>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 increased to this sector to enable them to develop the capacity or resources to do so.</p>
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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 Council’s on-line budget consultation “Your Council, Your Voice” was an in-depth survey, combining both budget and residents’ consultations. It asked the public a range of questions and asked them to state their top priorities. 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.

In addition, a number of Focus Groups were held, both in-person and on-line, which gave participants the opportunity to understand more about how the budget is constructed and the pressures facing the Council. Attendees were then invited to participate in a prioritisation exercise with wider discussion around Council services.

Appendix Eight

One Focus Group invited a number of young people from local schools to participate in an Educational half day, focusing on how the Council operates, what services it provides, and how it deploys its expenditure to provide services. When asked what Council services were important to them, the participants' priorities focused around investing in the local area in terms of jobs and further education opportunities, highways, and looking after adults and vulnerable children.

The in-person focus groups resulted in one comment that was related to equality. The comments suggested that additional Focus Groups should be targeted at young people as they were the future of Derbyshire. The group was informed that there was a specific focus group with young people from local schools, aimed at raising awareness of the Council's Budget and services.

Protected Group	Findings
Age	<p>When the public was asked which priorities it supported, a number of those selected support for older people (this being a fifth of priorities selected) and providing support for vulnerable children and families (tenth).</p> <p>There were 2,431 responses to the online survey, the average age of respondents was 57 years, with 46 people responding in the age band 16-24 and 23 in the age band 85+. The highest response was from the 45-64 age group.</p> <p>A total of 29 residents also took part in five online and face to face focus groups. The majority of the attendees were in the 45-64 age group, however, Adult Social Care and health did not feature in the top three priorities for these focus groups</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 19% of respondents indicated they had a disability, this compares to 20% of the population who said their day-to-day activities were limited in the latest ONS Census for which data is available (2011)</p>

Appendix Eight

	<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>
<p>Gender (Sex)</p>	<p>Of those who responded, there was a relatively even split of 45% male and 54% female.</p> <p>This is similar to the previous year but a change from previous years where the respondents have tended to be more weighted towards female residents. The top Council priority selected by both male and females is 'Highways services including planning and maintenance'; although 51% of males and 33% of females chose this service priority.</p> <p>The second most popular service for males is 'waste and recycling centres' 28% but for females it is 'supporting public and community transport' 31%.</p>
<p>Gender reassignment</p>	<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>
<p>Marriage and civil partnership</p>	<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>

Appendix Eight

<p>Pregnancy and maternity</p>	<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>
<p>Race</p>	<p>A total of 94% of respondents identified themselves as white, with 6% identifying themselves as BAME (Black, Asian and Minority Ethnic). This is consistent the percentage of Derbyshire's population who identified themselves as White British/BAME in the latest ONS Census for which the data is available (2011).</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>Religion and belief including non-belief</p>	<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>
<p>Sexual orientation</p>	<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

<p>Socio-economic</p>	<p>Those participating were not asked to indicate if they had this protected characteristic.</p> <p>A total of 23% of respondents supported help for older adults and 18% in economic regeneration in their top three priorities. 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, and the more recent cost of living crisis. Unemployment in Derbyshire has increased slightly over the past two months, it is however still 3% lower than in December 2021.</p>
<p>Rural</p>	<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, 24% in the environment, and 16% in countryside services, much of which benefits the Peak District and Derbyshire's more rural areas.</p>

- 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?

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.

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.

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.

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.

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
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.	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.
Consultation feedback disaggregated by protected characteristics of race and ethnicity, religion and belief, sexual orientation, and gender re-assignment status.	The 2021 Census that took places asked monitoring questions for the first time, the results were made available in 2022 and will now be analysed in order to give a 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.
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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 2023-24 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 2023-24 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.
- 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 the Council's knowledge of its 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

Objective	Planned action	Who	When	How will this be monitored?
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 2023
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 2023
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

Appendix Eight

<p>Improve participation in budget consultation</p>	<p>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</p>	<p>Led by Policy and Finance with department support</p>	<p>2023</p>	<p>Analysis of who takes part Redesign of consultation and more use of focus groups and community groups</p>
<p>Continually Improve the focus of consultation to gain better information.</p>	<p>Alter the approach and design of consultation on the budget to focus on likely areas where there will be proposed savings</p>	<p>Led by Policy and Research and Legal Services</p>	<p>2023</p>	<p>Redesign of consultation content</p>
<p>Improve post implementation monitoring of impact</p>	<p>Departments to carry out post implementation monitoring and use to feed into future decisions Development of post implementation customer surveys/ consultation.</p>	<p>Improvement and Scrutiny Policy and Research/ Departments</p>	<p>2023</p>	<p>I & S review of how agreed proposals implemented and monitored.</p>

Appendix Eight

<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 & Research Human Resources</p>	<p>2023</p>	<p>Evidence of improved data and understanding of impact and ability to complete cumulative impact analysis/ monitoring.</p>
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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 2023

Author of report: Tina Adams - Head of Financial Management & Strategy

Audience for report e.g. Cabinet/ date: 2 February 2023

Web location of report:

Outcome from report being considered

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

Updated by:

Date: