

**DERBYSHIRE COUNTY COUNCIL**

**COUNCIL**

**9 October 2019**

**Report of the Director of Finance & ICT**

**FIVE YEAR FINANCIAL PLAN**

**1 Purpose of the Report**

That Council approves the updated Five Year Financial Plan (FYFP) for the period 2019-20 to 2023-24, as recommended by Cabinet, noting the uncertainty and risks set out in the report, the budget savings forecast to be required to help balance the budget over the medium term and the budget savings proposals.

**2 Information and Analysis**

The Five Year Financial Plan (the Plan) is a medium term financial plan which sets out the overall shape of the Council's budget, by establishing what resources are available for allocation to reflect Council and community priorities. The Council Plan sets out service and organisational priorities. This is reflected in the development of the Plan.

The Plan fully reflects the outcomes from the Local Government Finance Settlement 2019-20 and the Autumn Budget 2018.

The Plan shows that a total of £63m of budget savings are required over the period 2019-20 to 2023-24. To continue to provide a financially sustainable base, on which to provide services over the medium term and not leave the Council unable to deal with financial risk, it is imperative that the necessary savings are identified and planned for achievement.

In the six months since the Revenue Budget 2019-20 was compiled, departments have been reassessing their identified savings, with a view to bridging the savings shortfall. Cross departmental budget savings proposals have also been made. In headline terms the Council has now identified measures which should help achieve substantially all of the budget gap over the period of the Plan.

The Plan therefore sets out the budget reductions and other measures the Council will need to take and identifies the remaining savings shortfall, along with possible solutions for dealing with this. The timescales are important, the

majority of any savings need to be achieved in the period up to 31 March 2022, this reflects a number of issues:

- the final reductions from Government in Revenue Support Grant;
- the desire by the current administration to have a 0% Council Tax rise in both 2020-21 and 2021-22 as well as finding the budget reductions met from one-off measures in 2019-20;
- uncertainties over future Government support;
- the emergence of further pressures; and
- the reduction in reserves needed to help manage the budget over the medium term.

Significant consultation and planning timeframes are required to achieve many of the savings proposals identified in the Plan. Delays in agreeing proposals could result in overspends by departments, which would then further deplete the level of General Reserve held by the Council, decreasing its ability to meet short term, unforeseeable expenditure, such as occurred recently at Toddbrook Reservoir. Of the budget savings proposals identified, £6.017m (14%) have been categorised as having a Green RAG status, £33.134m (74%) have been categorised as Amber and £5.341m (12%) have been categorised as Red. The table below summarises the RAG status of identified budget savings, by department.

	<b>Budget Savings RAG Status %</b>		
	<b>Green</b>	<b>Amber</b>	<b>Red</b>
<b>Adult Care</b>	1	95	4
<b>Children's Services</b>	37	39	24
<b>Economy, Transport and Environment</b>	8	91	1
<b>Commissioning, Communities and Policy</b>	35	30	35

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.

The Plan reflects that the Council is currently part of the Government's multi-year funding offer, which provides some funding certainty until 2019-20. There is uncertainty over future funding because of changes the Government is committed to making in the funding of councils via retained Business Rates and remaining Government grant funding regimes. It was expected that a further multi-year funding offer would be available for three years from 2020-21. However, the Government's has confirmed that its Fair Funding Review is behind schedule and that a new multi-year funding settlement will be delayed by at least one year.

At present the Council has no indication of how these technical changes, alongside the results of the next Comprehensive Spending Review, will affect the Council's funding, although funding for 2020-21 is now expected to be provided on the same basis as in 2019-20, with the 2019-20 funding streams rolled over and additional sums likely to be available to deal with pressures in Social Care and Special Education. In the absence of detailed information, the Plan assumes that funding for 2020-21 to the end of the Plan period continues on the known basis. The plan will be updated further when detailed allocations for 2020-21 have been announced.

Amber Valley Borough Council (AVBC) has recently commenced a consultation on increasing the level of Council Tax Support received by Council Tax Benefit claimants by reducing the amount they are expected to contribute from the current level of 8.5% to zero. A final decision on the 2020-21 scheme will be made at the AVBC Council meeting in January 2020. The cost to the Council of AVBC increasing Council Tax Support is likely to be in the region of £0.350m. The Council does not agree with this proposal. The Council does not expect that other districts or boroughs will follow in the near future.

The Plan is attached at Appendix One to this Report. Budget savings proposals identified for the period 2020-21 to 2023-24 are attached at Appendix Two to this Report. Appendix Two also compares the level of savings proposals identified to the Plan budget savings targets, both in summary and by department, and on an annual and cumulative basis, with savings shortfalls and surpluses highlighted. A summary of the RAG status of savings proposals identified, by year, for each department, is also included by Plan year.

The Plan will next be reviewed and incorporated in the Revenue Budget 2020-21 Cabinet Report in January 2020.

### **3 Financial Considerations**

As set out above.

## **4 Legal Considerations**

The Council's Financial Regulations provide that the Five Year Financial Plan must be proposed by Cabinet and approved by the Full Council.

As in previous years an initial Equality Impact Assessment (EIA) will be undertaken at a corporate level. It is anticipated that this corporate assessment will help identify areas where there is a significant risk of adverse impact which would then be subject to a full equality impact assessment process. Alongside the budget consultation, the budget saving proposals in the updated Five Year Financial Plan will be considered to assess which proposals will need a separate targeted consultation with staff, the public and/or with current/potential service users. The outcomes of these processes will be reported to Council/Cabinet as part of the budget process and specific assessments/consultation outcomes reported to Cabinet before decisions are made on individual services.

## **5 Other Considerations**

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

## **6 Background Papers**

Papers held in Technical Section, Room 137, County Hall.

## **7 Officer's Recommendations**

That Council:

- (i) approves the Five Year Financial Plan;
- (ii) notes the uncertainty and risks set out in the report; and
- (iii) notes the budget savings proposals set out in the report.
- (iv) notes that departments will be asked to make further savings over the Plan period to reduce reliance on the General Reserve and help meet future emerging pressures.

PETER HANDFORD

Director of Finance & ICT

# **Five Year Financial Plan 2019-20 – 2023-24**

**Peter Handford BA(Hons) PGCert FCPFA  
Director of Finance & ICT**

**August 2019**

## Approval and Authentication

<b>Name</b>	<b>Job Title</b>	<b>Signature</b>	<b>Date</b>
Peter Handford	Director of Finance & ICT		1 September 2019
Cabinet			

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## EXECUTIVE SUMMARY

The Five Year Financial Plan (the Plan) is a medium term financial plan which sets out the overall shape of the Council's budget by establishing what resources are available for allocation to reflect Council and community priorities. The Council Plan sets out the service and organisational priorities. This is reflected in the development of the Plan.

The Plan has been updated to reflect the outcomes from the Local Government Finance Settlement 2019-20 and the Autumn Budget 2018. The Plan shows that a total of £63.168m of budget savings are required over the period 2019-20 to 2023-24.

In headline terms the Council has now identified measures which should help balance the budget over the medium term. There is a clear challenge to ensure the Council achieves those savings over the next few years. In the six months since the Revenue Budget 2019-20 was compiled, departments have been reassessing their identified savings, with a view to bridging the savings shortfall. In order to help manage the achievement of savings, a number of corporate savings have also been developed.

An annual shortfall of £3.382m remains from the 2019-20 budget savings target of £13.393m. Details of identified budget savings for 2020-21 to 2023-24, totalling £44.792m of departmental annual budget savings and £8.000m of cross-departmental annual budget savings, are shown at Appendix Two. Overall, a shortfall of £0.365m annual budget savings, against the £63.168m budget savings target, remains over the five years of the Plan.

Of the budget savings proposals identified, £6.017m (13%) have been categorised as having a Green RAG status, £33.134m (74%) have been categorised as Amber and £5.641m (13%) have been categorised as Red.

Adult Care budget savings proposals include 95% with an Amber RAG status, 4% Red and 1% Green. Children's Services budget savings proposals include 39% with an Amber RAG status, 37% Green and 24% Red. Economy, Transport and Environment budget savings proposals include 88% with an Amber RAG status, 7% Green and 5% Red. Commissioning, Communities and Policy budget savings proposals include 35% with a Green RAG status, 35% Red and 30% Amber.

There is an overall cumulative budget shortfall of £39.052m by the end of 2023-24, comparing the profile of budget savings required over the period of the Plan to the profile of budget savings identified. It is anticipated that this shortfall will be funded from general reserves. Clearly the timescale of savings is important. The majority of any savings need to be achieved in the period up to 31 March 2022. This reflects two variables: the final reductions from Government in Revenue Support Grant and the desire by the current administration to have a 0% Council Tax rise in both 2020-21 and 2021-22 as well as deciding not to take the full increase possible in 2019-20.



The Plan reflects that the Council is currently part of the Government's multi-year funding offer, which provides some funding certainty until 2019-20. There is uncertainty over future funding because of changes the Government is committed to making in the funding of councils via retained Business Rates and remaining Government grant funding regimes. It was expected that a further multi-year funding offer would be available for three years from 2020-21. However, the Government has confirmed that its Fair Funding Review is behind schedule and that a new multi-year funding settlement will be delayed by at least one year.

At present the Council has no indication of how these technical changes, alongside the results of the next Comprehensive Spending Review, will affect the Council's funding, although funding for 2020-21 is now expected to be provided on the same basis as in 2019-20, with the 2019-20 funding streams rolled over. In the absence of other information, the Plan assumes that funding for 2020-21 to the end of the Plan period continues on the same basis. In particular, a balanced budget is prevalent on Improved Better Care Funding being available beyond 2019-20.

The Council was pleased to be announced as one of ten successful 100% business rates retention pilots for 2018-19. The additional one-off funding is being utilised to support economic growth and regeneration in the county, whilst also providing financial support to vital services.

The additional improved Better Care Funding announced in the Government's Spring Budget 2017 helps to address key priorities for integrated health and social care activities. The Council will continue to work with health sector colleagues in developing the Sustainability and Transformation Plan. However, it is important that the Government confirms that local authorities will continue to receive the additional improved Better Care Fund allocations beyond 2019-20. Local authorities continue to face increased cost pressures as the demand for adult and children's social care is projected to rise over the medium term.

A Council Tax increase of 3.99% has been agreed for 2019-20 and is helping to support vital services. No decisions have been made in respect of later years. However, a freeze in Council Tax has been assumed for two years from 2020-21 and a 2% increase in Council Tax assumed for two years from 2022-23. Local authorities have urged Government to provide additional funding to support vital services, particularly children's social care, rather than raise additional funding from council taxpayers. The ability to deliver this ambition around Council Tax will be dependent upon Government decisions regarding future funding of local authorities and the successful delivery of budget reductions over the medium term.

Business rates growth is expected year-on-year in line with inflation. It should be noted that funding projections from 2019-20 are based on a 50% business rates scheme.

Expenditure is supported by the use of one-off contributions from both the Budget Management Earmarked Reserve and General Reserve.

The Government's intention to increase the Living Wage to £8.67 per hour by 2020 (the Low Pay Commission's latest forecast) gives rise to cost pressures associated with the continued promotion of the National Living Wage.

A pay award of 2% per annum has been confirmed for 2019-20 and is assumed for 2019-20 and beyond, following the Government's decision to lift the 1% public sector pay cap. Any amount over and above 2% will have to be met from within existing budgets.

As the Council has paid off a number of loans without taking on additional borrowing, this resulted in an opportunity to reduce the external debt charges budget by £8.500m in 2018-19. In 2016-17 a review of the Council's Minimum Revenue Provision (MRP) budget, alongside a review of its Council's MRP Policy considered that future savings could be achieved without compromising the future prudent provision made by the Council. In conjunction with the policy being reviewed, the level of the Capital Adjustment Account (CAA) reserve in to which the money is set aside was reviewed. Whilst the Council will continue to set aside a prudent amount of revenue for MRP over the period of the Plan, it will ensure that its future annual provision is appropriate. The base budget is expected to have returned to its 2017-18 level, after one-off reductions, by 2021-22. The Council will however continue to review its MRP policy annually to ensure in future years that adequate/prudent provisions are still being made.

Additional income from interest receipts is projected over the next year on the basis that the base rate of interest will increase.

The Council continues to face significant cost pressures, particularly with regard to adult and children's social care. The additional Council Tax income from the Adult Social Care precept and the additional 1% flexibility announced in December 2017, helps to raise income for vital services. However, the Council will continue to make representations to Government to ensure that demand-led services are fully funded. The Council will continue to undertake appropriate analysis of the Government's proposals for the distribution of funding to local authorities by responding to consultations to ensure that Derbyshire receives a fair funding deal.

Any additional income from Council Tax taxbase and collection fund surpluses over and above that identified in the Plan will help to manage the Risk Management Budget over the medium term. 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 to manage some of the longer term risks and pressures, alongside the resources available in the General Reserve. The balance on the budget was depleted in 2019-20, providing support to priority services. However, the Council has also established a Budget Management Earmarked Reserve, which will be used over the medium term to meet one-off budget pressures in the Plan. It is therefore expected that any unforeseen risks or pressures can be prudently managed.

The Council faces a number of risks over the medium term, not least is the uncertainty of the level of Government funding beyond 2019-20. There are significant demand-led cost pressures associated with delivering vital council services such as adult and children's social care and waste disposal. The Plan assumes that there will be no further cuts to the levels of mainstream funding to local authorities. Any further funding reduction is likely to result in further budget savings over and above those already identified in the Plan to achieve a balanced budget.

## INTRODUCTION

The Plan sets out the Council's continued commitment to provide local services which represent the best possible value for money for Derbyshire residents. It builds on the achievements of the past and charts a clear course for the future in line with service priorities agreed as part of the Council planning process as well as the Council's financial and other resource strategies.

Its purpose is to support corporate planning which will shape the Council's Financial Strategy and annual budgets. The Plan is a medium term financial plan which sets out the overall shape of the Council's budget by establishing what resources are available for allocation to reflect Council and community priorities. The Council Plan sets out the Council's strategic direction, its ambitions and priorities, structured around four key outcomes for Derbyshire, which the Council is working towards with partners and local communities. The Council is striving to be "an efficient and high performing council delivering high quality, value for money services".

The Council wants Derbyshire to have:

- **Resilient and thriving communities** where local people work together, in new and dynamic ways with public services.
- **Happy, healthy people and families** with solid networks of support, who feel safe and in control of their personal circumstances and aspirations.
- **A strong, diverse and adaptable economy** which makes the most of Derbyshire's rich assets and provides meaningful employment opportunities for local people.
- **First class public services** which enhance the educational, cultural, physical and social environment of Derbyshire and make it a great place to live, visit and work.

The Council's key priorities to improve outcomes are:

- Work efficiently and effectively.
- Unlock economic growth and access to economic opportunities.
- Invest in employment and skills.
- Repair and improve the condition of Derbyshire roads.
- Improve accessibility in vulnerable and rural communities.
- Improve social care.
- Transform services for people with learning disabilities.
- Keep children and adults safe.
- Be a good corporate parent for children in our care.
- Help children and young people get the best start.
- Encourage healthy lifestyles and reduce future health and care needs.
- Champion local communities.
- Support local library services.
- Protect local people and communities.
- Promote Derbyshire as a global cultural and tourist destination.
- Protect and enhance the natural environment.

A number of vital cross cutting flagship projects will be progressed over the life of the Council Plan:

- Explore the use of **new delivery and commissioning models** across the Council to achieve service priorities.
- Restart the Council's **£30 million Care Programme** to provide new modern care homes for the county's older people.
- Work with communities to secure better outcomes for less by developing the **thriving communities approach**.
- Work with partners to deliver the **One Public Estate Programme** making more efficient use of the Council's properties and assets.
- **Enable development**, including the building of new homes on surplus Council land, securing income to invest in other Council services.

### **Progress and Performance:**

- Major regeneration and inward investment programmes boosting economic growth. For example, Markham Vale is one of the most successful enterprise zones in the country, currently having brought 1,628 jobs to the local area, with a further 2,700 planned and over £130 million of private sector investment to date, against a target of £250m in total. The Council's focus on maximising the county's tourism offer is seeing expansion in the visitor economy.
- Reclamation of large scale, heavily contaminated, brownfield sites including: delivery of over £174m worth of clean up at The Avenue site which is now being actively developed for housing and employment and over £18m of clean up over 28 hectares at the former Coalite site, to deliver 1500 jobs over the next few years.
- Leading delivery of the HS2 East programme through Derbyshire, Nottinghamshire and Leicestershire, including: bringing forward an expanded HS2 station at Chesterfield and major inward investment to create the new HS2 hub station at Toton.
- A partnership focus on implementing overall systems change in health and social care is delivering results – for example the number of bed days lost to delayed transfers of care have reduced by 6,804 days in one year, a remarkable achievement for the local system despite increased demands, particularly during a challenging winter period.
- The Council is also delivering on its ambitions to provide new modern care homes for older people, beginning with a new care home in Cotmanhay.
- Derbyshire was the highest performing county council for public satisfaction with roads and pavements, placed first out of 31 county councils participating in the National Highways and Transportation survey in December 2017. Known road defects for the size of the county are very low (600 as at September 2018) and 89% of defects are repaired within target timescales. Derbyshire's roads are now safer than at any time since the early 1940s.

- A continued low rate of children in care reflects successful joint working across the children's safeguarding system. Commitment to improving outcomes for children in care and a nationally recognised virtual school has enabled individual children in care to achieve good rates of progress, and there has been a sustained increase in the number of care leavers entering higher education since 2014. High proportions of care leavers live in suitable accommodation and the proportion in employment, education and training is just above English average.
- Access to services for rural areas has been protected with continued support for subsidised bus routes at £2.6 million per year. The £34 million Digital Derbyshire partnership programme is on track to bring faster broadband to 98% of Derbyshire homes and businesses by the end of 2018. 40% take up has been achieved, meaning Digital Derbyshire is one of the highest performing programmes in the country.
- Working with partners to provide advice and support to Rolls-Royce workers after the company announced it was to shed 4,600 jobs in the UK.
- Championing and supporting the hundreds of people in Ashbourne who experienced water shortages in Summer 2018 and leading the Local Resilience Forum to support Severn Trent Water in their response.
- Holding Derbyshire Community Care Group (CCG) to account through the Health Improvement and Scrutiny Committee for proposed cuts of £1.2 million that could affect 22 Derbyshire charities and community groups delivering services for many of the county's most vulnerable residents.
- Listening to communities' concerns regarding INEOS' proposals to explore shale gas in north east Derbyshire, holding two public enquiries and rejecting the application due to the impact on local roads and road safety, harm to the nature of the green belt and unacceptable night time noise.

The Plan demonstrates savings in the region of £63m are required over the five year period. The Council has put in place plans to identify savings required in order to achieve a balanced budget over the medium term. The Revenue Budget 2019-20 exemplified that total savings of £30m had been identified by departments over the five years. In the six months since the Revenue Budget 2019-20 was compiled, departments have been reassessing their identified savings to bridge the shortfall and consideration has been given to how any remaining shortfall can be addressed.

Departments will continue to find better ways of working and review the delivery of services that will realise further savings in order that a balanced budget can be set each year. Where appropriate, this will include examination of thresholds to access services and expected outcomes to ensure resources are effectively allocated to support those in need.

There continues to be an increased demand for services, leading to significant cost pressures in providing essential services such as social care, highways maintenance, public transport and waste. The focus for support from Council resources is likely to shift towards Safeguarding Services for Children as the improved Better Care Fund and additional precept help to alleviate pressures in Adult Care. The Council adopts a proactive approach in response to these demands through the identification of future pressures and associated risks, and development and implementation of plans to meet those pressures. The Council's Senior Members and Officers have lobbied Derbyshire

MP's regarding improving funding for the Council and have subsequently met with the Secretary of State for Housing, Communities and Local Government to further promote the need for funding reform

Most important of all, is the Council's commitment to continuous improvement and value for money. The Council challenges value for money through its positive Enterprising Council approach to achieving best value and performance management; internally set targets are designed to be ambitious and stretching.

## **Opportunities**

Service re-design has become an accepted and valuable tool in developing services to provide a clear customer focus. The Council is examining modern and innovative ways of providing services. At the moment, around 50% of Council expenditure is provided on the Council's behalf by the voluntary sector, parish councils, public-private partnerships, private contractors or charitable and community interest companies. The Council has adopted an "Enterprising Council" approach, looking at all types of delivery models in the future, including sharing or trading services with other councils. The role and shape of public services has changed dramatically and the Council faces significant challenges in providing the services local people want and need.

Being an Enterprising Council means:

- value for money is at the heart of everything the Council does
- the Council is efficient and effective
- the Council focuses on getting the best results for Derbyshire's residents, whether by the Council delivering a service, or by using an external organisation – there is no one size fits all
- the Council has a bold, innovative and commercial mind-set
- the Council does things 'with' local people rather than 'to' them and values fairness, openness and partnership
- the Council is proud of Derbyshire and ambitious for its public services.

The Council is actively pursuing opportunities to work with other local authorities, including exploring a proposal to create a strategic alliance. This would focus on driving growth and prosperity in the East Midlands region through joint work on transport and other infrastructure, employment, skills and strategic planning. The alliance would involve councils from the four counties of Nottinghamshire, Derbyshire, Leicestershire and Lincolnshire, along with the cities of Derby, Leicester and Nottingham, the local enterprise partnerships and Chambers of Commerce and would ensure the East Midlands punches above its weight in supporting the wider aims of the Midlands Engine and Midlands Connect.

In summary, this Plan reflects a determination on the part of the Council to build on past successes, to focus on areas for improvement, to secure continued excellent value for money and to take the lead on developing new and better ways of delivering quality public services.

## NATIONAL AND LOCAL CONTEXT

The Plan has been updated to reflect the outcomes from the Government's Autumn Budgets 2018.

### Autumn Budget 2018

On 29 October 2018, the Government announced details of the Autumn Budget 2018. The key announcements relevant to local government were:

- £240m additional funding for social care to prevent bed-blocking in 2018-19 and 2019-20, alongside an additional £410m for adult and children's social care in 2019-20.
- £420m to be allocated in 2018-19 to local authorities to repair roads, tackle potholes and keep bridges open and safe.
- The Government's planned Green paper on the future financing of Social Care has been delayed.
- £84m over five years for up to 20 local authorities to help children stay at home with their families.
- £400m one-off payment to schools, £10,000 for each primary and £50,000 for each secondary, to spend on equipment and facilities.
- £45m additional Disabled Facilities Grant.
- Authorities piloting the 100% rates retention scheme are expected to gain £0.8bn in 2018-19.
- 75% Business Rates retention is still intended to be implemented in April 2020. However, there is still uncertainty regarding the timeline for implementation of 100% rates retention.
- 100% business rates relief on public lavatories.
- £1,500 business rates discount on office space occupied by local newspapers to continue in 2019-20.
- Retail properties with a rateable value below £51,000 will have their rates bill reduced by one-third, for two years from April 2019.
- Local authorities to be fully compensated for any loss from business rates measures announced in the budget.
- The National Living Wage will rise by 4.9% from £7.83 per hour to £8.21 from April 2019. The National Minimum Wage rates will be increased to £7.70 for 21-24-year olds, £6.15 for 18 to 20-year olds, £4.35 for 16-17-year olds and £3.90 for apprentices, an increase of 4.3%, 4.2%, 3.6% and 5.4% respectively.
- Employers paying the Apprenticeship Levy to be allowed to transfer up to 25% of their funds to pay for apprenticeship training in their supply chain.
- £650m to support high street rejuvenation and improve transport links.
- The National Productivity Investment Fund (NPIF) was to provide £23bn between 2017-18 and 2021-22 for capital investment in housing, transport and digital infrastructure. This is being extended to 2023-24 and expanded to £37bn.



## Local Government Finance Settlement 2019-20

Details of the Provisional Local Government Finance Settlement 2019-20 were published on 13 December 2018. It marked the start of a four-week consultation period. The Director of Finance & ICT submitted the Council's response to the Provisional Settlement ahead of the deadline for responses, which was 10 January 2019, following consultation with the Leader of the Council and Corporate Management Team. A copy is attached at Appendix Two. Details of the Final Local Government Finance Settlement were published on 29 January 2019.

On 17 December 2015, the Government announced details of the Provisional Local Government Finance Settlement 2016-17. Alongside the Settlement, was the offer of a four-year funding deal to local authorities, for the period 2016-17 to 2019-20, to allow them to plan ahead for full local retention of business rates, should they wish to take it up. The intention was that these multi-year settlements would provide funding certainty and stability to enable more proactive planning of service delivery and support strategic collaboration with local partners.

Those local authorities which expressed an interest in accepting the offer were required to provide an Efficiency Plan. The Council submitted its Efficiency Plan to Government in 2016, details of which were reported to Cabinet on 11 October 2016. Subsequently, the Government confirmed that the Council was formally part of the multi-year settlement deal.

The headlines from the Settlement are:

- No change to allocations in the four-year funding deal, except for the removal of negative Revenue Support Grant from the settlement through forgone business rate receipts, for those authorities affected.
- General expenditure precept threshold of 3%.
- Confirmation of the continuation of the Adult Social Care Precept of 2%.
- Following on from last year's announcement of the Government's aims to localise 75% of business rates from 2020-21 and to implement new needs assessment methodology, consultations launched on the future system design of Business Rates Retention and on Fair Funding Proposals.
- New 75% business rates retention pilots launched and continuation of 100% business rates retention pilots in devolution deal areas.
- Distribution of £180m surplus on the business rates retention levy account, which has occurred as a result of business rates growth; levy originally top-sliced from Revenue Support Grant.
- The methodology for the distribution of the New Homes Bonus to continue in its current format.
- Increase of £16m in Rural Service Delivery Grant to 2018-19 levels.
- Local authorities across England to receive a share of £56.5m to help support their preparations for European Union exit (Brexit) in 2018-19 and 2019-20.

## **Business Rates Retention**

On 5 October 2015, the Government announced that it would allow local authorities to retain 100% of business rates income "by the end of the Parliament". This was planned to commence in the 2019-20 financial year. However, following the fall of the Local Government Finance Bill 2016-17, progress was halted.

The Government had published consultation papers in 2016 with regard to a move to 100% business rates retention setting out proposals as to how the scheme would operate. Further consultation documents were issued in 2017 which suggested that funding could be made available to combined authorities under devolution deals, could be delivered via the business rates system. This included funds for adult education, transport capital grants and the Local Growth Fund.

The Government has now confirmed that it has revised its aims and is pursuing a 75% business rates retention scheme by a planned implementation date of 2020-21. Business rates assessed can be subject to appeals, which could mean that some rates income receivable becomes repayable in the future.

Alongside this announcement, the Government published a further consultation as part of its Fair Funding Review. This consultation focuses on the measurement of relative needs with future technical papers to be focused on relative resources and transitional arrangements. The work is being divided into three closely related strands which are relative needs, relative resources and transitional arrangements. The implementation date for the Review was expected to be 2020-21. However, the latest indications are that the Review is behind schedule and that a new multi-year funding settlement will be delayed by at least one year.

## **Business Rates Pooling**

Under the Business Rates Retention Scheme, local authorities are able to come together, on a voluntary basis, to pool their business rates, giving them scope to generate additional growth through collaborative effort and to smooth the impact of volatility in rates income across a wider economic area.

The Council along with the eight district/borough councils, the city council and the Fire and Rescue Authority submitted a proposal to Government for a 'Derbyshire' pool. Details were reported to Cabinet on 21 October 2014. Local authorities can withdraw from a designated pool, if after seeing the Provisional Local Government Finance Report, they no longer believe that pooling provides the opportunities they had previously thought. All members of the pool have agreed that the pool should proceed on the basis that the additional funding will provide an important enabler to drive forward economic growth and create a positive framework for investment across the county by improving business rates incentives and minimising the prospect of wasteful competition between authorities.

## **Business Rates Pilot**

The Council participated in a 2018-19 business rates pilot, along with Derbyshire District and Borough Councils, the Derbyshire Fire and Rescue Service and Derby City Council, following a successful bid to become one of ten pilots. The pilot has generated additional one-off income in 2018-19 for the county of Derbyshire, over and above the business rates income received through the local government finance settlement. The Council's share of the additional business rates one-off income in 2018-19 was £16.481m, which has been transferred to Earmarked Reserves.

Of this income transferred to Earmarked Reserves, £4.889m is being held in respect of the Council's contribution to the D2 Business Rates Retention Programme for strategic investment, to support economic regeneration across the county and in Derby City, £6.876m will be used in managing the Council's budget, supporting services including children's social care, waste and recycling, promoting tourism, supporting community safety and 'safe and well' checks and £4.716m will be held in a business rates pool earmarked reserve, the use of which is still to be determined.

The Derby and Derbyshire Authorities Joint Committee for Economic Prosperity is the decision making board for allocation of funding to individual projects to support economic regeneration.

It should be noted that the 100% business rates retention pilot was for 2018-19 only. The Council, as part of a Derbyshire pool, bid to participate in a 75% business rates retention pilot for 2019-20, before a national 75% regime comes into force, planned for 2020-21. The aim of the pilots is to learn lessons to ensure that the transition to the new scheme in 2020-21 is as smooth as possible. Successful pilots were announced alongside the Local Government Provisional Settlement 2019-20. The Derbyshire pool was unsuccessful in its pilot bid. The Derbyshire business rates pool is continuing in its previous form and funding allocations have reverted back to those announced in the multi-year settlement for 2019-20.

## **Settlement Funding Assessment**

Settlement Funding Assessment (SFA) is made up of Revenue Support Grant, Business Rates Top-Up (both of which are received directly from Government) and localised Business Rates, which are received directly from the district/ borough councils. As the Council was part of the 100% Business Rates Retention pilot in 2018-19, its Revenue Support Grant was foregone. Details of the allocations are summarised below:

	<b>2018-19 allocations before 100% Business Rates Pilot £m</b>	<b>2018-19 allocations after Business Rates Pilot £m</b>	<b>2019-20 allocations £m</b>
Revenue Support Grant	28.633	0.000	13.517
Business Rates Top-Up	91.454	43.036	93.370
Business Rates - Local	17.122	94.173	19.195
	<b>137.209</b>	<b>137.209</b>	<b>126.082</b>

- **Business Rates Top-Up**

Business Rates Top-Up increases in line with the Small Business Rates multiplier (based on the Retail Price Index as at September of the preceding financial year).

- **Business Rates – Locally Retained**

The figure for Local Business Rates shown in the table above includes the Council's estimate of its Derbyshire business rates 2019-20 pool gain of £1.500m, based on previous years' pool gains and the Government's estimate of growth; the final figure for growth was later provided by the billing authorities, which have until 31 January 2019 to the County Council with the final estimates used in setting the budget. The amount represents 49% of business rates collected locally. Any changes to the figure shown in Appendix One will be managed through the Risk Management Budget or Reserves.

### **New Homes Bonus (NHB)**

The NHB grant was introduced in April 2011. The scheme is aimed at encouraging local authorities to grant planning permission for the building of new houses and then share in the additional revenue generated.

The Government has confirmed that the Council will receive an additional allocation of NHB in 2019-20 of £0.040m, making an in-year total allocation receivable in 2019-20 of £2.098m.

## General Grant

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

	2018-19 £m	2019-20 £m
Improved Better Care Fund	24.906	31.055
Business Rates Capping*	12.807	6.364
Business Rates Retention Levy Account Surplus	0.000	1.704
Winter Pressures Grant	3.627	3.627
Social Care Support Grant	0.000	6.197
Adult Social Care Support Grant	2.267	0.000
Independent Living Fund	2.614	2.534
Extended Rights to Free Travel*	0.866	0.914
Local Reform and Community Voices Grant**	0.511	0.511
War Pensions Scheme Disregard**	0.172	0.172
Prison Services**	0.105	0.105
Lead Local Flood Authority	0.055	0.059
Moderation Phonics Grant**	0.040	0.040
<b>Total</b>	<b>47.970</b>	<b>53.282</b>

\* 2019-20 figure updated from Revenue Budget Report following announcement/release of allocations.

\*\* 2019-20 figure is an estimate as details of allocations have not been released.

- **Improved Better Care Fund (iBCF)** – the Comprehensive Spending Review 2015 announced that £1.5bn would be added to the ring-fenced Better Care Fund progressively from 2017-18. This was later increased by £2bn, at Spring Budget 2017, allocated over a three year period to 2019-20, reaching £1.837bn in 2019-20 nationally.
- **Business Rates Capping** – compensates authorities for their individual reductions in non-domestic rating income following recent decisions by Government to change the rate relief for some organisations. The Government has confirmed that compensation will be provided in 2019-20 by means of a Section 31 grant. The Revenue Budget report 2019-20 contained an estimate of the grant from the billing authorities. The amount of the grant for 2019-20 has since been confirmed in a determination from Government and this has been updated in the table above.
- **Business Rates Retention Levy Account Surplus** – distribution of surplus on the 2018-19 business rates retention levy account as a result of business rates growth, originally top-sliced from Revenue Support Grant.
- **Winter Pressures Grant** – the Autumn Budget 2018 announced that £240m of additional funding would be made available for councils to spend on adult social care services, in both 2018-19 and 2019-20, to help alleviate NHS winter pressures. In 2019-20 the funding is required to be pooled into the Better Care Fund via the iBCF and reported on through the Better Care Fund.

- **Social Care Support Grant** - the Autumn Budget 2018 also announced that £410m of additional funding would be made available for councils to spend on adult and children's social care services in 2019-20. Although the grant is not ring-fenced there is an expectation that councils will use the funding to meet pressures on those services. The allocation of the grant between adult and children's social care is not prescribed.
- **Adult Social Care Support Grant** – the Final Local Government Finance Settlement 2018-19 announced that a further £150m would be paid as a one-off grant to local authorities who have adult social care responsibilities, to build on their progress so far in supporting sustainable local care markets.
- **Independent Living Fund (ILF)** – responsibility for administering the ILF was devolved to local authorities in England in 2015. The Government committed to providing non ring-fenced funding to local authorities until 2019-20.
- **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.
- **Lead Local Flood Authority** – to carry out duties under the Flood and Water Management Act 2010 and for the role as statutory consultee on surface water for major development.
- **Moderation Phonics Grant** – funding for moderation and phonics.

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

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 2019-20 is £10.504m.

## Ring Fenced Grants

- **Dedicated Schools Grant (DSG)**

Grant is paid to local authorities to provide school, high needs, early years and central schools 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. Details of DSG funding were considered by Cabinet on 31 January 2019.

- **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 2019-20 is £39.477m. This represents a reduction of 2.64% compared to the 2018-19 allocation. The Government has confirmed that the ring-fence and grant conditions will remain in place until 31 March 2020, at which point it is expected that the grant will be replaced by retained business rates.

- **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 will support the aim of providing people with the right care at the right place at the right time. This will build on the work which the Clinical Commissioning Groups (CCGs) and the Council are already doing, for example as part of integrated care initiatives, joint working and on understanding of patient/service user experiences.

The allocation for Derbyshire as a whole in 2019-20 has yet to be announced but it is expected to be at least at the 2018-19 level of £95.558m, which was split as follows:

	2018-19 £m
Tameside	2.295
Erewash	6.587
Hardwick	7.528
North Derbyshire	19.919
Southern Derbyshire	18.112
<b>CCG minimum contribution</b>	<b>54.441</b>
<b>CCG additional contribution</b>	
Wheelchairs	0.503
ICES equipment	1.833
CMHT	2.372
Community Nursing	3.552
	<b>8.260</b>
<b>DCC additional contribution</b>	
ICES equipment	1.500
DFG	6.451
Improved Better Care Fund	24.906
	<b>95.558</b>

The funding can be used to improve health outcomes for clients and their carers. Derbyshire will look to invest in services jointly commissioned with health services, which include reablement, seven day services, better information sharing, joint assessments and reducing the impact on the acute sector. The resources for reducing the impact on the acute sector are performance related and will not be paid to the acute service if the targets are not achieved.

The BCF has national metrics underpinning its performance, which will be used to measure success, include reducing admissions to residential care homes, effectiveness of reablement out of hospitals, delayed transfer of care, avoidable emergency admissions and patient/service user experience.

This funding system presents opportunities and risks to the Council, these are the subject of detailed negotiation with the CCGs. The additional funding will help to bridge the funding gap which will be left by the annual reduction in Revenue Support Grant.

## Fees and Charges

Departments have continued to look for ways of working more efficiently and effectively to cut costs or generate additional income and set aside cash for future years, when further budget reductions will be needed. The Council receives income in respect of a range of fees, charges and contributions for different services, including residential care, adult education courses and library fines. The Council has a Corporate Charging Policy to help standardise the approach to charging for services. The income generated from fees and charges (excluding residential care), referred to in the Corporate Charging Policy, which was updated and reported to Cabinet in December 2018, was £59m.



## DERBYSHIRE ECONOMY

The Derbyshire Local Economic Assessment 2019 (LEA) shows that the county's economy contributes £15.2bn to the national economy and has grown by 6.4% over the last five years. Locally, productivity levels have grown at a faster rate than nationally, helping to narrow the gap between Derbyshire and England.

Derbyshire has more than 29,000 businesses that employ around 290,300 people. The area has significant strengths in the advanced manufacturing sector, with a number of world class companies such as Toyota, Rolls Royce, JCB and Bombardier choosing to locate and invest in the county and its surrounding area. Although Derbyshire has fewer new businesses starting up than England, the survival rate of local businesses continues to be higher.

The employment profile of Derbyshire is significantly different from that of England. Locally, manufacturing remains a key sector, accounting for nearly a fifth of all employment, more than double the national rate. The health and social care sector is also of significance to the local economy, employing 39,300 people along with the visitor economy that supports 23,400 full-time equivalent jobs.

Locally the visitor economy in Derbyshire makes a significant contribution to economic performance, with over 33m visitors in 2017, generating £1.7bn. Over the last five years, the sector has grown considerably, with a rise of nearly three million visitors, an additional £140m in visitor spend and a 4.5% rise in employment levels in the sector.

Derbyshire is home to around 796,000 people and by 2041 the county's population is estimated to have grown by 8.0%. In addition to this, the county is forecast to have fewer people of working age and an increasingly ageing population.

The county has high levels of labour market participation and continues to have an employment rate well above the national average. The latest employment rate for Derbyshire stood at 78.8%, over 3 percentage points higher than the England rate. This is one of the highest levels in recent years, with the last five years showing a general upward trend both locally and nationally, reflecting the improving economic picture.

Unemployment rates in the county remain lower than across England, with the claimant count unemployment rate of 2.1% in May 2019 being 0.6% points below that nationally. However, there are areas across the county where the unemployment rate is more than double the national average. Over 60.0% of all unemployed claimants in Derbyshire have been out of work for more than a year, although this remains below the national average. The youth unemployment rate in Derbyshire is 2.9%, the same as that nationally.

Derbyshire is an attractive and affordable place to live. In March 2019 the average house price in the county was £177,000. Although this is around £66,000 lower than the England average, prices vary significantly across the county, with affordability being an issue in the more rural areas of Derbyshire.

## **FIVE YEAR FINANCIAL PLAN**

The following key assumptions have been made when developing the Plan.

### **Income:**

#### **Business Rates**

This is the Council's share of Business Rates income under the Business Rates Retention Scheme. For 2019-20, the figure is based on 50% retention of Business Rates. Despite the Government's commitment to introduce a 75% scheme by 2020-21, it is difficult to estimate the funding under a revised scheme, as the details of the scheme will be subject to consultation over the coming months and indications are that the scheme may be delayed. It assumes 2% growth year-on-year.

#### **Top-Up**

This is a grant received from Government under the Business Rates Retention Scheme. It assumes that the amount will increase with the Government's target CPI inflation year-on-year.

#### **Revenue Support Grant**

Under the Government's austerity measures, Revenue Support Grant is expected to cease in 2020-21, although this may be extended for one year, given the delay in the Government's funding review outcome.

#### **Improved Better Care Fund (BCF)**

Announced as part of the 2013 Spending Review, aimed at transforming local services so that people are provided with better integrated health and social care. The improved BCF supports the aim of providing people with the right care at the right place at the right time. The Spending Review 2015 announced additional funding for the period 2017-18 to 2019-20, with the Spring Budget 2017 announcing further support over the same period.

#### **New Homes Bonus**

Introduced in April 2011. The scheme is aimed at encouraging local authorities to grant planning permission for the building of new houses and then share in the additional revenue generated.

#### **General Grant**

In 2019-20, the amount of general grant is based on the following allocations at the time of the Revenue Budget Report 2019-20:

	<b>2019-20 £m</b>
Business Rates Capping	1.247
Business Rates Retention Levy Account Surplus	1.704
Social Care Support Grant	6.197
Extended Rights to Free Travel	0.866
Local Reform and Community Voices Grant	0.511
War Pensions Scheme Disregard	0.172
Prison Services	0.105
Lead Local Flood Authority	0.059
Moderation Phonics Grant	0.040
<b>Total</b>	<b>10.901</b>

\* 2019-20 later determinations are documented on page 14. The Plan anticipates General Grant income in respect of the above grants of £10.901m. This additional one off income and expenditure does not materially change the 2019-20 Five Year Financial Plan position at the end of the year.

### **PFI Grant**

This grant is to support expenditure which is incurred in meeting payments to contractors for the capital element of projects undertaken through the Private Finance Initiative.

### **Council Tax**

An increase of 3.99% has been agreed for 2019-20, with a freeze in Council Tax assumed for two years from 2020-21 and a 2% increase in Council Tax assumed for two years from 2022-23.

Taxbase increases of 1.5% per annum are assumed from 2020-21, with a collection fund surplus projected of £2m each year.

### **Use of Balances**

There is a planned use of Budget Management Earmarked Reserve and General Reserve to support one-off pressures over the medium term.

### **Expenditure:**

#### **Price Inflation**

There will be no increase to departmental budgets for specific price rises, other than business rates and care home fees, as inflation (the Consumer Price Index) is forecast to remain low over the medium term.

There will not be budget allocations for utility costs as the Council procures its gas and electricity through the integrated Pan Government Energy Programme and the Government Procurement Service which has resulted in prices remaining very competitive against other providers because of the purchasing power of the organisation.

For 2019-20 only it has been agreed that no Adult Social Care budget allocation will be made to reflect the annual increase in care home fees. In 2018-19 the allocation was £1.800m. It is anticipated that allocations will be made to reflect increases in care home fees from 2020-21 for the rest of the period of the Plan.

### **Pay Award**

The award for 2019-20 has been agreed at a general offer of 2%. For 2020-21 onwards, the Plan assumes a general 2% pay award for each year of the Plan. Any amount over and above 2% will have to be met from within existing budgets.

### **Contingency for Price Increases**

The Council maintains a Contingency Budget which has been used to help manage pay and price increases over which there is some uncertainty, details for 2019-20 are set out below.

- **Pay Award - £3.907m**

At the time of approval of the 2019-20 budget, local authorities were negotiating with unions on the offer for 2019-20. The Council's last Plan, published in September 2018, assumed a pay award of 2% and a general offer of a 2% increase was assumed to be a realistic estimate in the 2019-20 budget. This equated to £3.907m, which is a contingency amount of £7.125m less the calculated Adult Social Care element of £3.218m, for which it has been agreed that no allocation will be made in 2019-20. Following final agreement of a general offer of 2%, the £3.907m budget is being allocated to departments.

- **General Data Protection Regulation (GDPR) - £1.000m**

New GDPR obligations were introduced in 2018-19 and imposed a number of new requirements on the Council when dealing with personal data. Failure to comply with these new requirements, or being able to demonstrate that suitable data protection controls are in place, could lead to the Council being subject to significant financial penalties. The burdens of GDPR place a short term pressure on the Council. This is the estimated one-off cost of funding GDPR work that will be required across the Council in 2019-20. Departments are submitting bids for this funding.

- **Street Lighting Energy - £0.215m**

This is the estimated ongoing increase in street lighting energy costs.

## External Debt Charges and Minimum Revenue Provision

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

The Minimum Revenue Provision (MRP), is a prudent amount of revenue set aside to contribute towards capital expenditure which has been financed by borrowing or credit arrangements. The Council reviewed its MRP Policy in 2016-17, in a report to Cabinet on 22 November 2016. It was considered that future savings could be achieved without compromising the future prudent provision made by the Council. In conjunction with the policy being reviewed, the level of the Capital Adjustment Account (CAA) reserve in to which the money is set aside has been reviewed.

The amount of MRP that has been transferred over the last ten years to the CAA reserve is in excess of £171m, however the actual amount of loan repayments during that time is significantly lower, at £121.5m. With the Council not undertaking any new borrowing within the last ten years, this indicates that the Council's CAA reserve contains in excess of what is required to ensure the Council can repay its debt.

Whilst the Council will continue to set aside a prudent amount of revenue for MRP each year, it will ensure that its future annual provision is appropriate. The base budget is profiled to return to its 2017-18 level, after one-off reductions to adjust the amount held in the CAA reserve, by 2021-22. The Council will however continue to review its MRP policy annually to ensure in future years that adequate/prudent provisions are still being made.

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Council is able to reduce net borrowing costs and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. The Council will monitor this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2019-20, with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

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

### **Interest Receipts - £5.948m**

The Bank of England increased the base rate of interest from 0.50% to 0.75% at its meeting on 2 August 2018. The 2019-20 budget assumes that the Council will earn additional income of £1.000m by utilising a range of risk assessed investment vehicles in order to increase its income from external investments.

### **On-going Service Pressures**

A number of service pressures have been identified by departments and there are planned allocations to base budgets for social care over the medium term to address increased demand for services. In addition, there are allocations for Council priorities such as waste and public transport.

### **One-Off Pressures**

There is a planned use of one-off General Grant and the Budget Management Earmarked Reserve over the medium term to support one-off expenditure. Planned allocations have been made for social care, highways maintenance and Community Managed Libraries. A further £1m contingency one-off will also be funded from the Budget Management Earmarked Reserve.

## FIVE YEAR FINANCIAL PLAN for 2019-20 to 2023-24

	2019-20	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
<b>FUNDING</b>					
<b>Business Rates and Government Grants</b>					
Business Rates	19.195	19.579	19.970	20.370	20.777
Top-Up	93.370	96.171	99.056	102.028	105.089
Revenue Support Grant	13.517	0.000	0.000	0.000	0.000
Better Care Fund	25.928	25.900	25.900	25.900	25.900
additional improved Better Care Fund	5.126	0.000	0.000	0.000	0.000
New Homes Bonus	2.098	2.300	2.300	2.400	2.400
General Grant	10.901	3.000	3.000	3.000	3.000
PFI Grant	10.504	10.504	10.504	10.504	10.504
<b>Sub Total</b>	<b>180.639</b>	<b>157.454</b>	<b>160.731</b>	<b>164.202</b>	<b>167.670</b>
Council Tax	329.431	334.003	338.983	350.879	363.194
Use of Balances	9.462	3.364	3.000	2.000	2.000
<b>TOTAL FUNDING</b>	<b>519.532</b>	<b>494.821</b>	<b>502.714</b>	<b>517.080</b>	<b>532.864</b>
<b>EXPENDITURE:</b>					
Base Budget	491.732	506.205	491.457	499.714	515.080
Price Inflation	0.040	2.000	2.000	2.000	2.000
Living Wage	0.000	1.000	1.000	0.000	0.000
Pay Award (including Living Wage)	3.907	7.676	7.829	7.985	8.145
Contingency for Price Increases	0.215	0.000	0.000	0.000	0.000
Debt Charges	0.000	0.000	-1.500	0.000	0.000
Interest Receipts	-1.000	0.000	0.000	0.000	0.000
MRP adjustment	2.000	1.000	7.000	0.000	0.000
On-going Service Pressures (see below)	23.460	7.000	7.300	6.000	6.000
Risk Management Budget	-0.756	0.000	0.000	0.000	0.000
	<b>519.598</b>	<b>524.881</b>	<b>515.086</b>	<b>515.699</b>	<b>531.225</b>
<b>One-off expenditure:</b>					
Risk Management	0.000	0.000	0.000	0.000	0.000
One-off revenue support	12.327	3.364	2.000	2.000	2.000
Contingency for other one-off revenue bids	1.000	0.000	0.000	0.000	0.000
Elections	0.000	0.000	1.000	0.000	0.000
	<b>13.327</b>	<b>3.364</b>	<b>3.000</b>	<b>2.000</b>	<b>2.000</b>
<b>Budget cuts required</b>	<b>-13.393</b>	<b>-33.424</b>	<b>-15.372</b>	<b>-0.618</b>	<b>-0.361</b>
<b>TOTAL EXPENDITURE</b>	<b>519.532</b>	<b>494.821</b>	<b>502.714</b>	<b>517.080</b>	<b>532.864</b>
<b>Ongoing base budget</b>	<b>506.205</b>	<b>491.457</b>	<b>499.714</b>	<b>515.080</b>	<b>530.864</b>

<b>Assumptions</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Price Inflation	2.00%	2.00%	2.10%	2.10%	2.00%
Pay Award	2.00%	2.00%	2.00%	2.00%	2.00%
Business Rate Growth	-79.62%	2.00%	2.00%	2.00%	2.00%
Top Up RPI	116.98%	3.00%	3.00%	3.00%	3.00%
Council Tax Increase	3.99%	0.00%	0.00%	2.00%	2.00%
Taxbase Increase	1.17%	1.50%	1.50%	1.50%	1.50%
Taxbase	247,261	250,970	254,734	258,555	262,434
Collection Fund Position (£m)	2.333	2.000	2.000	2.000	2.000
Council Tax (£/Band D)	1,322.88	1,322.88	1,322.88	1,349.34	1,376.32
<b>Ongoing Service Pressures</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adult Care Price Increases and Demographics	12.440	5.000	5.000	5.000	5.000
Transforming Care Programme	0.456	0.000	0.000	0.000	0.000
Payments to Carers	1.097	0.000	0.000	0.000	0.000
Transport Costs (SEN)	1.000	0.000	0.000	0.000	0.000
Pupil Referral Units	0.450	0.000	0.000	0.000	0.000
Children's Homes	0.450	0.000	0.000	0.000	0.000
SEND Services	0.275	0.000	0.000	0.000	0.000
Foster Carers	0.060	0.000	0.000	0.000	0.000
Public Transport	0.500	-0.300	0.000	0.000	0.000
Pension Fund	0.000	1.000	0.000	0.000	1.000
Children's Social Care Demographics	3.000	0.000	1.000	1.000	0.000
Children's Social Work Remodelling	1.300	1.300	1.300	0.000	0.000
Thriving Communities	0.368	0.000	0.000	0.000	0.000
Coroners	0.270	0.000	0.000	0.000	0.000
ICT Strategy	0.200	0.000	0.000	0.000	0.000
Enterprising Council	0.094	0.000	0.000	0.000	0.000
Waste Treatment and Disposal	1.500	0.000	0.000	0.000	0.000
	<b>23.460</b>	<b>7.000</b>	<b>7.300</b>	<b>6.000</b>	<b>6.000</b>



<b>One-Off Pressures</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Highways Maintenance	1.000	0.000	0.000	0.000	0.000
Children in Care Proceedings	1.050	0.000	0.000	0.000	0.000
Mobile Working	0.260	0.000	0.000	0.000	0.000
Complex Cases	0.250	0.000	0.000	0.000	0.000
Participation	0.080	0.000	0.000	0.000	0.000
Children's Social Work Remodelling	2.600	1.300	0.000	0.000	0.000
Children's Social Care Demographics	1.000	2.000	0.000	0.000	0.000
Care Leavers	0.402	0.000	0.000	0.000	0.000
Children in Care Placements	4.000	0.000	0.000	0.000	0.000
Child Protection	0.105	0.000	0.000	0.000	0.000
Community Managed Libraries	0.742	0.000	0.000	0.000	0.000
Child Care Solicitors	0.300	0.000	0.000	0.000	0.000
Enterprising Council	0.150	0.000	0.000	0.000	0.000
Learning Management System	0.083	0.000	0.000	0.000	0.000
HR Consultant SAP Development	0.045	0.000	0.000	0.000	0.000
Water Body	0.100	0.000	0.000	0.000	0.000
Trading Standards Older People Support	0.048	0.000	0.000	0.000	0.000
Street Lighting	0.048	0.000	0.000	0.000	0.000
HS2 Co-Ordination Officer	0.064	0.064	0.000	0.000	0.000
	<b>12.327</b>	<b>3.364</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

## **CAPITAL PROGRAMME**

The Capital Programme is developed following an assessment of capital bids received from each of the services across the Council.

The capital expenditure recommendations are determined from a detailed assessment of service department proposals for capital investment, utilising, as in previous years, a “scoring” mechanism to reflect the importance of each proposal in meeting a series of objectives, linking together the Capital Strategy, Asset Management and the Council Plan. The impact of capital expenditure and associated borrowing is spread over several years and therefore it is important to consider the effect of any proposals in both the forthcoming and future financial years.

The Capital Strategy firmly places decisions around borrowing in the context of the overall longer term financial position of the Council. It provides improved links between the revenue and capital budgets, whilst giving consideration to both risk and reward and the impact on the achievement of priority outcomes. This produces a programme that is financially affordable, prudent and sustainable and integrated with the Five Year Financial Plan. It gives due consideration to the impact of investment decisions on revenue budgets, beyond the completion of the capital scheme and funding.

Option appraisals are carried out, which include examinations of the ongoing revenue implications of either carrying out, or failing to carry out, a specific scheme. It is regarded as imperative that such implications form a full part of the Council’s expenditure planning process.

As the Council’s Capital Strategy is integrated with the Corporate Asset Management Plan process for service accommodation needs, this allows for the on-going assessment/ challenge of asset utilisation and building condition, with the key objective being to hold or provide only those assets that are necessary to meet service priorities.

Details of the actual and estimated figures Capital Programme figures were reported to Council on 6 February 2019.

The Capital Strategy has regard to the availability of finance. This continues to be provided mainly by traditional methods, which include:

- Borrowing
- Grants & Contributions
- Revenue Funding
- Capital Receipts

Whenever possible, capital schemes financed from prudential borrowing will be in line with the invest to save principle; that is, the scheme is required to make a return, or generate revenue savings, sufficient to cover its capital financing costs. However, not all capital schemes funded through prudential borrowing will generate such a return and in such cases, the resulting capital financing implications are a cost to the revenue budget.

The Capital Programme is subject to regular review, with monitoring reports submitted to Cabinet and the Capital Strategy Statement itself being approved annually at Full Council.

## RISKS

The Plan shows that the Council is required to make substantial budget savings over the medium term in order to maintain a balanced budget. If the target savings cannot be achieved a drawdown on the General Reserve will be required to balance the budget. The Plan projects a long-term balance on General Reserve of between £14m and £47m over this period.

The Council has identified a programme of budget savings required over the medium-term. Procedures are in place to ensure that achievement against the targets is regularly monitored and reported to Members. The Revenue Budget 2019-20 exemplified that of a target of £63.168m, total savings of £30m had been identified by departments over the five years.

Savings identified in respect of 2019-20, totalling £10.542m, were included in detail in the Revenue Budget Report 2019-20, reported to Council in February 2019. Of these savings, £10.011m are new savings against base budget. The shortfall in savings targets for Children's Services and Economy, Transport and Environment will be met from the Budget Management Earmarked Reserve. This is in agreement with the principles of meeting savings shortfalls with one-off support as agreed in the Revenue Budget Reports 2017-18 and 2018-19. The Economy, Transport and Environment department has allocated its 2019-20 savings shortfall to the highways revenue budget but the 2019-20 highways budget will remain the same because of this one-off funding from reserves.

The table below summarises the 2019-20 savings target, identified savings and the level of achievement for each department at the time of the Revenue Budget Report 2019-20.

	<b>Plan Target 2019-20 £m</b>	<b>Budget Savings Identified £m</b>	<b>Annual Budget Shortfall/ (Over- achievement) £m</b>
<b>Adult Care</b>	5.732	5.732	0.000
<b>Children's Services</b>	3.013	1.631*	1.382
<b>Economy, Transport and Environment</b>	2.666	0.666*	2.000
<b>Commissioning, Communities and Policy</b>	1.982	1.982	0.000
<b>Total</b>	<b>13.393</b>	<b>10.011</b>	<b>3.382</b>

\* - Children's Services savings of £2.091m for 2019-20. Of these savings, £1.631m are new savings against base budget and £0.460m are savings committed to in previous years.

- Economy, Transport and Environment savings of £0.737m for 2019-20. Of these savings, £0.666m are new savings against base budget and £0.071m are savings committed to in previous years.

Children's Services and Economy, Transport and Environment will still be required to achieve their savings targets for 2019-20 but the use of earmarked reserves provides some flexibility to plan and achieve the target. Base budgets will need to be in balance by 1 April 2020.

In the six months since the Revenue Budget 2019-20 was compiled, departments have been reassessing their identified savings, with a view to bridging the savings shortfall. As identified above, an annual shortfall of £3.382m remains from the 2019-20 budget savings target of £13.393m. Reassessed details of identified annual budget savings for 2020-21 to 2023-24 are shown at Appendix Two. These identified budget savings comprise £44.792m of departmental annual budget savings and £8.000m of cross-departmental annual budget savings. Overall, a shortfall of £0.365m identified annual budget savings, against the £63.168m budget savings target, remains over the five years of the Plan.

Of the budget savings proposals identified, £6.017m (13%) have been categorised as having a Green RAG status, £33.134m (74%) have been categorised as Amber and £5.641m (13%) have been categorised as Red.

Adult Care budget savings proposals include 95% with an Amber RAG status, 4% Red and 1% Green. Children's Services budget savings proposals include 39% with an Amber RAG status, 37% Green and 24% Red. Economy, Transport and Environment budget savings proposals include 88% with an Amber RAG status, 7% Green and 5% Red. Commissioning, Communities and Policy budget savings proposals include 35% with a Green RAG status, 35% Red and 30% Amber.

The table below summarises the budget savings target for the period 2020-21 to 2023-24 and compares it to departments' reassessment of identified annual budget savings against this target, before cross-departmental annual budget savings are considered.

	<b>Plan Target 2020-21 to 2023-24 £m</b>	<b>Budget Savings Identified £m</b>	<b>Annual Budget Shortfall/ (Over- achievement) £m</b>
<b>Adult Care</b>	21.303	22.334	(1.031)
<b>Children's Services</b>	12.580	5.308	7.272
<b>Economy, Transport and Environment</b>	11.910	8.329	3.581
<b>Commissioning, Communities and Policy</b>	7.364	8.821	(1.457)
<b>Total</b>	<b>53.157*^</b>	<b>44.792</b>	<b>8.365</b>

\*Appendix Two also shows that additional departmental budget savings beyond 2023-24 have been identified totalling £0.240m.

^A shortfall of £3.382m remains from the 2019-20 target of £13.393m and has been included with the 2020-21 to 2023-24 budget savings targets.

There is an overall cumulative budget shortfall of £39.052m by the end of 2023-24, comparing the profile of budget savings required over the period of the Plan to the profile of budget savings identified. It is anticipated that this shortfall will be funded from general reserves.

Clearly the timescale of savings is important. The majority of any savings need to be achieved in the period up to 31 March 2022. This reflects two variables: the final reductions from Government in Revenue Support Grant and the desire by the current administration to have a 0% Council Tax rise in both 2020-21 and 2021-22 as well as deciding not to take the full increase possible in 2019-20.

The Council has robust procedures in place to ensure that mitigation against key financial risks is considered. These include:

- Regular review and update of the financial risk register which is reported to senior managers and Members;
- Review of General and Earmarked Reserves at least annually, including projections for the General Reserve balance over the medium term;
- Budget monitoring reports to Members which includes the latest budget position, one-off factors, such as extra funding, supporting the budget, risks that could impact on the outturn position, progress against budget savings targets and the level of departmental Earmarked Reserves;
- Reports to Audit Committee providing updates of the latest budget monitoring arrangements;
- Consultation with Improvement and Scrutiny Committee on the latest Five Year Financial Plan;
- Integrated Risk Management Strategy, with strategic risks facing the Council, along with mitigation in place to ensure they are manageable, reported to the Audit Committee.

In developing the Plan a number of assumptions have been made. There are a number of risks which are highlighted below.

- The introduction of 100% Business Rates Retention is assumed to be fiscally neutral to the Council. The Provisional Local Government Finance Settlement announced that the Government would move towards full 75% business rates retention for local authorities by 2020-21, with 100% retention to follow in later years. The four-year multi-year settlement announced in 2016-17 provided some certainty for those authorities who agreed to sign up to the offer, however there is now growing uncertainty in the sector regarding the funding levels beyond this period. There remains a period of consultation between local government and central government over the coming months to establish a distribution methodology that is fit for purpose, however, local authorities are struggling to set medium term financial plans due to this element of uncertainty.
- The existing allocations of the improved Better Care Fund continue to be paid beyond 2019-20. If the funding ceases beyond 2019-20, local authorities will experience a 'cliff edge' funding effect that will significantly impact on the delivery of adult social care services;

- There continues to be a consistent rise in business rates growth in the county, however a change in the economic life-cycle or a significant loss of business in the region will impact on the level of business rates income;
- Inflationary increases are managed within existing budgets. The Plan assumes that inflation will remain at the Government's target of 2% over the medium term;
- A general 2% pay award is assumed for each year of the Plan. The award for 2019-20 has been agreed. Any amount over and above 2% will have to be met from within existing budgets;
- Impact on employer pension contributions if an estimate of recent judgements are reflected in the upcoming actuarial valuation.
- Investment income will increase over the next year on the basis that the base rate of interest will increase. It is assumed that interest rates will rise over the medium term on the basis that the economy will grow following the UK's exit from the European Union.

Further significant risks are illustrated below.

### **Business Rates**

The introduction of the Business Rates Retention Scheme in April 2013 have increased the level of financial risk for local authorities as they are now exposed to both the impact of 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 mean that councils are forced to accept a significant, unpredictable financial risk, impacting on the availability of funding for services.

Other general risks have been identified, which need to be managed effectively. These are:

- the impact of Business Rates income from economic growth rates across the county;
- the district/borough councils effectiveness in the collection of Council Tax owed;
- deficits of the collection fund as a result of reduced collection rates for both Council Tax and business rates;
- uncertainty around the level of business rates appeals; and
- current economic conditions including inflation levels, interest rates, reduced income from fees and charges.

### **Cost Pressures**

There continues to be an increased demand for services, leading to significant cost pressures in providing essential services such as social care, highways maintenance, public transport and waste.

The focus for support from Council resources is likely to shift towards Safeguarding Services for Children as the improved Better Care Fund and additional precept help to alleviate pressures in Adult Care.

The Council's Senior Members and Officers have lobbied Derbyshire MP's regarding improving funding for the Council and have subsequently met with the Secretary of State for Housing, Communities and Local Government to further promote the need for funding reform.

### **Children's Social Care**

The Council, along with other local authorities in the country, has expressed concern over the cost pressures associated with the provision of children's social care. Many local authorities and the Local Government Association have urged Government to provide additional funding for the service.

Recent analysis illustrates rising demand for children's services nationally, including:

- an increase of 116% in the number of early help assessments completed between 2013 and 2018, with a 78% increase in initial contacts in the last ten years and a 159% increase in the number of Section 47 enquiries in the same ten year period;
- an increase in the average spend for each Looked After Child from £33,078 in 2012 to £39,099 in 2016, this increase continues; and
- an increase in total spending on residential care for Looked After Children, from £0.99 billion in 2012 to £1.10 billion in 2016, with further pressures predicted.

These pressures have resulted in a number of authorities being left with little choice but to divert funding towards crisis intervention activities, rather than preventative services. The national picture is being reflected in Derbyshire, with substantial strain placed on the children's social care budget. The Children's Services budget overspent by £5.5 million in 2016-17, by £6.4m in 2017-18 and has overspent by £4.2m in 2018-19, despite local investment in children's social care services. Increased demand for services in Derbyshire is highlighted below:

- Children subject to a child protection plan – in 2010-11, there were 554 children that were subject to a child protection plan in Derbyshire (a rate of 35 children per 10,000 population). By the end of 2015-16 this had risen to 738, being 48 children per 10,000 population. This is higher than the England rate of 43 per 10,000 population and higher than the rate of the Council's statistical neighbour benchmarking group, of 41 children per 10,000 population. Since 2015-16, numbers have increased, to an all-time high at the end of 2017-18 in excess of 900 children.
- Special Guardianship Orders (SGO) – the number of children subject to an order has increased year-on-year, from 141 in 2012-13 to 370 in 2016-17. The payments to SGO carers and Child Arrangement Order holders is in itself forecast to create a budget pressure in excess of £1 million during 2019-20.
- Children in Care – whilst the numbers of children in care decreased up to 2015-16, there has been a 20% increase in numbers since that time, with an increase of 130 children over a two year period. The cost of placements for children in care is forecast to create a £4 million budget pressure in 2019-20 for the Council.



- Children with additional needs – the number of children in Derbyshire schools with complex educational needs is estimated to have risen by approximately 30% since 2004. The proportion of pupils with statements or Education Health and Care Plans (3%) has increased since 2010-11 and is higher than averages for England and our statistical neighbour group, both of which have remained stable (2.8%). The proportion of pupils with Special Educational Needs (SEN) support has reduced since 2010-11 but at a slower rate than England and our statistical neighbour group.

## **Schools**

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

- The High Needs Block is a part of the DSG which is allocated to local authorities to spend on provision for children and young people with special educational needs and disabilities from their early years to age 25. Over the life of the Plan, it is expected that the baseline spend on such provision will exceed the allocation from Government by around £3.5 million. Whilst there is some one-off funding still available to meet this shortfall it is likely that between £5 million and £10 million may need to be found from the Council's Reserves. The shortfall on Higher Needs funding has been a key part of the Council's lobbying of MPs, the Secretary of State at MHCLG and Government generally.
- Deficit balances that exist at the point a school becomes an academy may be left with the Council to fund. This would be the case for "sponsored" academies. Sponsored academies are those where conversion is as a result of either intervention or where the school is not considered to be strong enough without the aid of a sponsor.

## **New Waste Treatment Facility**

The Council and Derby City Council remain engaged in a project to build a New Waste Treatment Facility (NWTF) in Sinfin, Derby, to deal with waste that residents in Derby and Derbyshire do not recycle. The facility, which was due to open in 2017, was being built on the councils' behalf by Resource Recovery Solutions (Derbyshire) Ltd (RRS), which is a partnership between national construction firm Interserve, which was also building the plant, and waste management company Renewi. However, the contract with RRS was terminated on 2 August 2019, following the issuing of a legal notice by the banks funding the project. This legal notice – called a "No Liquid Market" notice – brings the contract to an end 14 days after being served. The councils did not dispute the notice.

The termination of the contract means that the facility will temporarily cease to accept waste. However the task of building and operating a gasification waste treatment facility in Sinfin will continue.

Contingency measures 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. These services will continue to be run by waste management company Renewi, under a new two-year contract.

In the immediate future, work will continue on the facility to determine its condition and capability. This work will also be carried out by Renewi and will allow the councils to ascertain what measures need to be in place for the facility to become fully operational.

Funding for the facility had been loaned to RRS by the UK Green Infrastructure Platform and three leading international banks; Sumitomo Mitsui Banking Corporation and Shinsei Bank from Japan and Bayerische Landesbank from Germany. The councils will now enter negotiations to pay the banks an “estimated fair value” for the plant that will be worked up by an independent expert, taking into account all of the costs of rectifying ongoing issues at the plant, and the costs of providing the services to meet the agreed contract standards.

In light of the significant uncertainty regarding the likely actions of all the parties involved with the project, the councils are planning on the basis of all scenarios.

## RESERVES

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.

The Council's General and Earmarked Reserves remain at robust, risk assessed levels. These levels are key to the delivery of the Council's objectives over the medium term as a means of helping to manage significant potential liabilities and the general reduction in resources. All such risks are regularly reviewed and appear alongside mitigating actions, on the Council's Strategic and Departmental Risk Registers. The Council formally reviews its reserves at least annually, as set out in the Council's Reserves Policy. The last review was reported to Cabinet in September 2018.

Provision has been made in the Council's Revenue Budget and Plan for the major commitments known to the Council. This still leaves the balance on the General Reserve to deal with further unanticipated or unquantifiable costs and one-off priority spending.

Over the period of the Plan, the Council faces a number of commitments which will require funding. These include a number of major capital commitments with on-going revenue costs. The Council has previously funded some capital projects using revenue contributions. In 2018-19 the decision was taken not to do this, leading to an increase in the use of available capital receipts and borrowing to replace the revenue contributions no longer being used.

In order to maintain reserves at an acceptable level over the planning period further assumptions have been made about the need to make contributions back to uncommitted reserves on an annual basis. The ongoing Risk Management Budget has been used. Additions to reserves would be difficult but could be achieved through timing of budget savings and possible slippage on capital schemes.

The level of General Reserve available over the next few years is largely dependent on the achievement of the annual budget savings target. There are pressures on demand-led services such as the ageing population, children's social care, the National Living Wage and waste disposal which will also have an impact on the balance if departments overspend. 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 the council's net spending as a prudent level for risk based reserves. Over the medium term the Council's figure is likely to average between three and nine per cent of the Council's net budget requirement.

In order to achieve a balanced budget over the medium term, the Council is reliant on the achievement of a programme of significant budget savings over the medium term, as set out in the Plan. 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.

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. The Council has also established a Budget Management Earmarked Reserve which will be used to supplement the use of the General Reserve to manage, where appropriate, any delayed savings to services, as detailed earlier in this report.

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.

It should be noted that the reductions required to balance the budget on an on-going basis have yet to be finally identified. Further saving proposals will be brought to future Cabinet meetings to bridge the gap and one-off resources used to smooth out the achievement of those savings.

Earmarked Reserves are not generally available to the Council for use in its budget and Council Tax setting process. They 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. Earmarked Reserves are regularly reviewed by Cabinet as part of the budget monitoring cycle, to ensure they reflect a level adequate to manage the risks to the Council. Should any reserve be found to be no longer required it will be returned into the General Reserve.

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.

The table below illustrates the planned use of General Reserves over the period 2019-20 to 2023-24:

## General Reserve Projections

	2019-20	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
<b>Opening Balance</b>	<b>64.570</b>	<b>47.137</b>	<b>25.499</b>	<b>16.480</b>	<b>14.619</b>
<b>Plus Expected Contributions</b>	12.437	6.073	12.023	6.073	6.073
<b>Less Use</b>	(29.870)	(27.711)	(21.042)	(7.934)	(2.365)
	<b>47.137</b>	<b>25.499</b>	<b>16.480</b>	<b>14.619</b>	<b>18.327</b>
<b>Contributions</b>					
Revenue Outturn Report - Committed Underspend	11.937	5.573	5.573	5.573	5.573
Revenue Outturn Report - Retain in Gen Res Underspend	0.000	0.000	0.000	0.000	0.000
Contributions released from Earmarked Reserve	0.500	0.500	0.500	0.500	0.500
Contributions from Prior Year Departmental Underspends	0.000	0.000	0.000	0.000	0.000
Balance from Budget Management Earmarked Reserve	0.000	0.000	5.950	0.000	0.000
Other sundry	0.000	0.000	0.000	0.000	0.000
	<b>12.437</b>	<b>6.073</b>	<b>12.023</b>	<b>6.073</b>	<b>6.073</b>
<b>Use</b>					
Budget Monitoring Report - Projected Overspend	7.000	3.000	1.000	0.000	0.000
Prior Year Commitments	12.202	2.000	2.000	2.000	2.000
Contributions to Earmarked Reserve	0.000	0.000	0.000	0.000	0.000
Elections	0.000	0.000	1.000	0.000	0.000
Buxton Crescent	5.700	0.000	0.000	0.000	0.000
Whaley Bridge	2.000	0.000	0.000	0.000	0.000
DSG HNB deficit EM Reserve contribution - projected o/spend	0.968	0.000	0.500	1.500	0.000
VR/VER	0.000	3.000	0.000	0.000	0.000
Academisation deficits	2.000	2.000	0.000	0.000	0.000
General Revenue Budget Support	0.000	17.711	16.542	4.434	0.365
	<b>29.870</b>	<b>27.711</b>	<b>21.042</b>	<b>7.934</b>	<b>2.365</b>

## CONCLUSION

Undoubtedly the Council has managed the achievement of a balanced budget in a robust and planned manner over the period of the current downturn in general government support for local authority spending.

The level of savings required over the medium term remains significant. By 2023-24, the Council needs to have reduced expenditure by a further £63 million in real terms. This is in addition to a £271 million reduction the Council has already made to services since 2010. The Council continues to look at ways to save money and generate income, whilst trying to protect and deliver services suitable for the residents of Derbyshire.

The Council has undertaken a review to identify a programme of savings over this period. The Revenue Budget Report 2019-20 highlighted that of this £63m target, £30m (48%) had been identified. To continue to provide a financially sustainable base, on which to provide services over the medium term and not leave the Council unable to deal with financial risk, in the six months since the Revenue Budget 2019-20 was compiled, departments have been reassessing their identified savings, with a view to bridging the savings shortfall.

Reassessed details of identified annual budget savings for 2020-21 to 2023-24 are shown at Appendix Two. These identified budget savings comprise £44.792m of departmental annual budget savings and £8.000m of cross-departmental annual budget savings. Overall, a shortfall of £0.365m identified annual budget savings, against the £63.168m budget savings target, remains over the five years of the Plan. In headline terms the Council has now identified measures which should help achieve most of the budget gap over the period of the Plan, although there is a clear challenge to identify the remainder and plan the best approach to achieving those savings over the next few years.

The timescales are clearly important; the majority of any savings need to be achieved in the period up to 31 March 2022, this reflects two variables: the final reductions from Government in Revenue Support Grant; the desire by the current administration to have a 0% Council Tax rise in both 2020-21 and 2021-22 as well as deciding not to take the full increase possible in 2019-20.

The achievement of a balanced budget is dependent on the Council meeting its budget reduction target annually. There is an overall cumulative budget shortfall of £39.052m by the end of 2023-24, comparing the profile of budget savings required over the period of the Plan to the profile of budget savings identified. There is already a planned use of General and Earmarked Reserves from 2019-20 to 2023-24 in order to achieve a balanced budget. Whilst the General Reserve remains at a prudent risk assessed level over the period of the Plan, any overspends arising from demand management issues or slippage on the achievement of savings will require a further call on the General Reserve.

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.

In many cases the cost savings proposals will be subject to consultation and equality analysis processes. 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.

Further, there is uncertainty over future funding because of changes the Government is committed to making in the funding of councils via retained Business Rates and remaining Government grant funding regimes. At present the Council has no indication of how these technical changes, alongside the results of the next Comprehensive Spending Review, will affect the Council's funding position.

In October 2016, the Council confirmed its acceptance of the Government's multi-year funding offer, announced in December 2015. The funding offer provides details of Government Grant allocations up to and including 2019-20. The intention is that these multi-year settlements provide funding certainty and stability to enable more proactive planning of service delivery and support strategic collaboration with local partners.

However, there is now growing uncertainty in the sector regarding the funding levels beyond this period. The Government had previously announced its intention to move to a 100% Business Rates Retention Scheme in 2019-20. The Government has confirmed that it has revised its aims and is pursuing a 75% business rates retention scheme by 2020-21 and eventually to 100%. Alongside this announcement, the Government published further consultations as part of its Fair Funding Review. The work will be divided into three closely related strands which are relative needs, relative resources and transitional arrangements. The implementation date for the Review was expected to be 2020-21 but the latest indications are that the Government's Fair Funding Review is behind schedule and that a new multi-year funding settlement will be delayed by at least one year.

As this period of consultation between local government and central government continues over the coming months, to establish a distribution methodology that is fit for purpose, local authorities are struggling to set medium term financial plans due to this element of uncertainty. The Plan is predicated on the basis that the funding to the Council is in its existing format of 50% Business Rates Retention, as it is difficult to predict the likely impact of the proposed changes to the scheme and the financial impact until further detailed information is provided by the Government.

The introduction of 75% Business Rates Retention is currently assumed to be fiscally neutral to the Council. To ensure that the reforms are fiscally neutral, local government will need to take on extra responsibilities and functions at the point that full localisation occurs, as currently, more is raised from business rates than spent locally. The Government will also need to take account of future events such as transfers of responsibility for functions between local authorities, mergers between local authorities and any other unforeseen events.

Although there continues to be a consistent rise in business rates growth in the county, a change in the economic life-cycle or a significant loss of business in the region will impact on the level of business rates income.

The Plan sets out plans to support the Adult Care budget over the medium term, through the Adult Social Care precept. The Plan also assumes that the use of the improved Better Care Fund allocations will support the base budget, through collaboration with clinical commissioning groups and that existing allocations of the improved Better Care Fund continue to be paid beyond 2019-20. If the funding ceases beyond 2019-20, local authorities will experience a 'cliff edge' funding effect that will significantly impact on the delivery of adult social care services.

The Council Plan sets out the Council's priorities which include working efficiently and effectively. The Council will be pursuing new delivery and commissioning models to achieve its priorities. It will review the way it works, ensuring its operation is fit for purpose.

To ensure an element of transparency in its decision making, a value for money board has been established which will examine and review Council contracts.

The Council faces a period of funding uncertainty beyond 2019-20 and it will await the outcome of the Government's review of the funding distribution methodology.



## REFERENCE DOCUMENTS

Department for Communities and Local Government -  
2019-20 Final Local Government Finance Settlement:  
<https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2019-to-2020>

HM Treasury –  
Autumn Budget 2018  
<https://www.gov.uk/government/publications/budget-2018-documents>

**BUDGET SAVINGS PROPOSALS SUMMARY**

	<b>BUDGET SAVINGS</b>				
	£				
	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>TOTAL</b>
<b>Budget Savings Target</b>	<b>33,424,000</b>	<b>15,372,000</b>	<b>618,000</b>	<b>361,000</b>	<b>49,775,000</b>
<b>Shortfall b/f from 2019-20*</b>	<b>3,382,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,382,000</b>
<b>Departmental Budget Savings Identified</b>					
Adult Care	-3,784,000	-8,970,000	-7,720,000	-1,860,000	-22,334,000
Children's Services	-2,350,000	-1,972,000	-786,000	-200,000	-5,308,000
Economy, Transport and Environment	-1,426,000	-2,013,000	-2,220,000	-2,370,000	-8,029,000
Commissioning, Communities and Policy	-6,235,000	-2,586,000	0	0	-8,821,000
<b>Total Departmental Budget Savings Identified</b>	<b>-13,795,000</b>	<b>-15,541,000</b>	<b>-10,726,000</b>	<b>-4,430,000</b>	<b>-44,492,000</b>
<b>Departmental Budget Savings Identification Annual Shortfall/(Surplus)</b>	<b>23,011,000</b>	<b>-169,000</b>	<b>-10,108,000</b>	<b>-4,069,000</b>	<b>8,665,000</b>
<b>Total Cross Departmental Annual Budget Savings</b>	<b>-5,000,000</b>	<b>-1,000,000</b>	<b>-2,000,000</b>	<b>0</b>	<b>-8,000,000</b>
<b>Annual Budget Savings Shortfall/(Surplus)</b>	<b>18,011,000</b>	<b>-1,169,000</b>	<b>-12,108,000</b>	<b>-4,069,000</b>	<b>665,000</b>
<b>Overall Cumulative Budget Shortfall^</b>	<b>18,011,000</b>	<b>16,842,000</b>	<b>4,734,000</b>	<b>665,000</b>	<b>40,252,000</b>

\* A shortfall of £3.382m remains from the 2019-20 target of £13.393m. This will be funded from the General Reserve in 2019-20.

^ The cumulative shortfall will be met from the General Reserve.

## BUDGET SAVINGS PROPOSALS SUMMARY – DEPARTMENTAL

### ADULT CARE

	BUDGET SAVINGS				
	£				
	2020-21	2021-22	2022-23	2023-24	TOTAL
Budget Savings Target	14,305,000	6,579,000	264,000	155,000	21,303,000
Savings Proposals RAG Status*					
Green	-250,000	-100,000	0	0	-350,000
Amber	-2,934,000	-8,620,000	-7,720,000	-1,860,000	-21,134,000
Red	-600,000	-250,000	0	0	-850,000
Total Savings Identified	-3,784,000	-8,970,000	-7,720,000	-1,860,000	-22,334,000
Savings Identification					
Annual Shortfall/(Surplus)	10,521,000	-2,391,000	-7,456,000	-1,705,000	-1,031,000
Plan Cumulative					
Budget Shortfall/(Surplus)	10,521,000	8,130,000	674,000	-1,031,000	18,294,000

# BUDGET SAVINGS PROPOSALS SUMMARY – DEPARTMENTAL

## CHILDREN'S SERVICES

	BUDGET SAVINGS				
	2020-21*	2021-22	£ 2022-23	2023-24	TOTAL
<b>Budget Savings Target</b>	<b>8,901,000</b>	<b>3,459,000</b>	<b>139,000</b>	<b>81,000</b>	<b>12,580,000</b>
<b>Budget Savings Proposals</b>					
<b>RAG Status*</b>					
Green	-812,000	-616,000	-343,000	-200,000	-1,971,000
Amber	-1,293,000	-456,000	-300,000	0	-2,049,000
Red	-245,000	-900,000	-143,000	0	-1,288,000
<b>Total Savings Identified</b>	<b>-2,350,000</b>	<b>-1,972,000</b>	<b>-786,000</b>	<b>-200,000</b>	<b>-5,308,000</b>
<b>Savings Identification</b>					
<b>Annual Shortfall/(Surplus)</b>	<b>6,551,000</b>	<b>1,487,000</b>	<b>-647,000</b>	<b>-119,000</b>	<b>7,272,000</b>
<b>Plan Cumulative</b>					
<b>Budget Shortfall/(Surplus)</b>	<b>6,551,000</b>	<b>8,038,000</b>	<b>7,391,000</b>	<b>7,272,000</b>	<b>29,252,000</b>

\* A shortfall of £1.382m remains from the 2019-20 target of £3.013m and has been included with the 2020-21 budget savings target of £7.519m. This will be funded from the General Reserve in 2019-20.

# BUDGET SAVINGS PROPOSALS SUMMARY – DEPARTMENTAL

## ECONOMY, TRANSPORT AND ENVIRONMENT

	BUDGET SAVINGS				
	£				
	2020-21*	2021-22	2022-23	2023-24	TOTAL
Budget Savings Target	8,654,000	3,060,000	124,000	72,000	11,910,000
Budget Savings Proposals					
RAG Status*					
Green	-450,000	0	0	-150,000	-600,000
Amber	-888,000	-2,013,000	-2,220,000	-2,220,000	-7,341,000
Red	-88,000	0	0	0	-88,000
Total Savings Identified	-1,426,000	-2,013,000	-2,220,000	-2,370,000	-8,029,000
Savings Identification					
Annual Shortfall/(Surplus)	7,228,000	1,047,000	-2,096,000	-2,298,000	3,881,000
Plan Cumulative					
Budget Shortfall/(Surplus)	7,228,000	8,275,000	6,179,000	3,881,000	25,563,000

\* A shortfall of £2.000m remains from the 2019-20 target of £2.666m and has been included with the 2020-21 budget savings target of £6.654m. This will be funded from the General Reserve in 2019-20.

# BUDGET SAVINGS PROPOSALS SUMMARY – DEPARTMENTAL

## COMMISSIONING, COMMUNITIES AND POLICY

	BUDGET SAVINGS				
	£				
	2020-21	2021-22	2022-23	2023-24	TOTAL
Budget Savings Target	4,946,000	2,274,000	91,000	53,000	7,364,000
Budget Savings Proposals					
RAG Status*					
Green	-2,218,000	-878,000	0	0	-3,096,000
Amber	-1,599,000	-1,011,000	0	0	-2,610,000
Red	-2,418,000	-697,000	0	0	-3,115,000
Total Savings Identified	-6,235,000	-2,586,000	0	0	-8,821,000
Savings Identification					
Annual Shortfall/(Surplus)	-1,289,000	-312,000	91,000	53,000	-1,457,000
Plan Cumulative					
Budget Shortfall/(Surplus)	-1,289,000	-1,601,000	-1,510,000	-1,457,000	-5,857,000

**\*RAG Status**

**Red – The saving proposal is identified as difficult to achieve, either because the project has a risk that the stated savings will not be achieved, or that they may slip in terms of time-scales, or both.**

**Amber – The saving proposal is identified as being at risk, either because the saving is complicated in nature and requires significant change management to progress or has yet to receive formal Member approval.**

**For Red and Amber budget savings proposals the Council is considering whether there is anything that can be done, either internally within the Council, or with the support of Members, that would make the savings more likely to be delivered.**

**Green – The saving proposal is identified as highly likely to be delivered, both to value and to timescale.**

## **BUDGET SAVINGS PROPOSALS 2020-21**

### **Adult Care – Total - £3,784,000**

#### **Electronic home care recording - £350,000**

The Council commissions home care from agencies and uses an electronic time-recording system, which logs time spent with clients. It is currently looking at replacing this system with a more efficient, fully computerised system which will more accurately record this time. The result will be that the council will pay for the amount of time spent with a client, rather than blocks of time, resulting in a saving. The new system would also alert staff quickly to a missed call.

#### **Reduction in finance staffing - £100,000**

Two ICT systems for prepaid accounts and electronic home care recording will allow streamlining of current processes and will reduce the level of staffing required in some areas within this team.

#### **Increase client contributions (co-funding) - £250,000**

The Department of Health is currently planning to issue revised guidance on charges for care services. This is expected to increase the amount of income received by the council.

#### **Review other prevention services - £150,000**

Efficiency savings in the welfare benefits service.

#### **Whole life disability pathway and assistive technology - £1,029,000**

This is part of a four-year programme that will seek to promote greater independence for people living with a disability across the whole county, from those preparing for adulthood upwards.

#### **Older people's pathway and assistive technology - £1,905,000**

This is part of a four-year transformation programme that will seek to promote greater independence for older people in Derbyshire. This will include ensuring consistency and equity of access to the council's short-term services through the implementation of consistent strength-based and outcome-focussed assessments and reviews.



## **Children's Services – Total - £2,350,000**

### **Improved efficiency – £230,000**

Children's Services will continue with actions to improve use of resources such as rationalising management structures, making effective use of new technologies, regional partnerships and continuing to improve working processes.

### **Placements for children unable to live at home – £450,000**

Children's Services will continue with actions to ensure cost-effective placement arrangements for those children that are unable to remain with their birth family. These will include ensuring effective use of both Derbyshire provided placements and those placements provided by other agencies. In addition, the Care Leavers service will work with young people from the age of 15 to ensure they are well-prepared for their transition to adulthood.

### **Continuation of already announced actions in respect of Early Help Services – £167,000**

The Council, in conjunction with its partnership agencies, is in the process of completing a major review of early help provision for vulnerable children and their families.

### **Continuation of already announced actions in respect of Services for Teenagers – £162,000**

Savings can be achieved by taking away centralised and back office management functions.

### **Continuation of already announced actions in respect of Donut Creative Arts Centre – £81,000**

The Council will negotiate with other providers to take over the running of the centre, reducing the need for direct staffing and day-to-day running costs.

### **Continuation of already announced actions in respect of Outdoor education – £130,000**

The Council's outdoor education service will continue to reduce its net costs by widening the facilities available to schools and families and at weekends, for example weddings, functions and camping, to generate additional income and will review its charges to help deliver cost reductions.

### **Continuation of already announced actions in respect of Special Educational Needs and Disabilities (SEND) – £39,000**

The Council's educational psychology service will further reduce its net cost by increasing income generation.

**Continuation of already announced actions in respect of preventing newborn children being taken into care – £143,000**

The Council will be working with a partner organisation to support women with the aim of avoiding the need to take newborn children into care because of safeguarding concerns.

**Continuation of already announced actions in respect of a combined Children's Safeguarding Board with Derby City – £25,000**

Delivery of previously planned actions to reduce duplication and delivery economies of scale through shared arrangements with other Local Authorities.

**Disabled Children's Services – £300,000**

There will be a review of Disabled Children's Services to ensure that the provision Derbyshire offers remains appropriate for the need across the county and that there is equity in access to support. Additionally, the Council will ensure that services and provision support and prepare young people and their families as they approach adulthood.

**Home to School Transport – £70,000**

The Council will continue to seek efficiencies in its provision of transport to all pupils to ensure that there is equity across the county. This includes ceasing transport that is not provided for a statutory reason and reviewing the level of subsidy provided to the Council where transport is non-statutory and a contribution is made. It also includes looking at ways of working with parents and carers to help them take their own child to school where it is cost-effective to do so or where there is a statutory responsibility on the parent/carers to take their child to school.

**Back office costs – £538,000**

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

**Youth Council – £15,000**

The operation of the Youth Council will be reviewed to ensure the offer remains relevant and appropriate for young people.

## **Economy, Transport and Environment – Total - £1,426,000**

### **Waste – £230,000**

The cost of disposing of waste will be reduced through restricting use of household waste recycling centres by businesses and people who live outside Derbyshire.

### **Public Transport – £450,000**

Following the additional investment in 2017, the amount the Council spends on subsidised bus services will reduce. This will be achieved by re-tendering services to get a better price and by reviewing some services to make sure they are still being used.

### **Countryside Service – £400,000**

The Council is looking for a combination of alternative sources of funding to generate income through commercial activity or to reduce the cost of this service.

### **Staffing – £258,000**

Staff budgets will be reduced by identifying other sources of income to pay for staff costs.

### **b\_line – £88,000**

The Council will no longer provide a public transport discount card for young people, although some operators will continue to provide discounted rates on their trains and buses.

## **Commissioning, Communities and Policy – Total – £6,235,000**

### **Administration and employee savings – £2,081,000**

The number of staff in finance and ICT, communications, human resources, policy, trading standards and community safety will be reduced by not replacing some people when they leave and by restructuring services. Back office costs will also be regularly reviewed. There are also a number of new initiatives, such as channel shift, and procurement exercises being carried out to reduce costs.

### **Insurance reductions – £350,000**

This money will be saved by reducing the contribution to the insurance fund, which means the Council accepting a higher level of risk against the fund.

### **Interest receipts – £250,000**

By managing the Council's cash balances in a more pro-active manner, it is anticipated that this would increase interest receipts. One way that this could be achieved is by looking to invest in longer term, pooled funds which would generate a higher return.

### **ICT – £275,000**

Existing IT contracts and systems will be reviewed and the Council will seek to rationalise the number of systems in use across the authority.

### **Property Services – £1,893,000**

The Council will reduce running costs by rationalising its land and property and releasing the resulting surplus assets. Fees will also be generated from capital schemes.

### **Legal services – £375,000**

A new delivery model will be introduced to manage the demand for Legal Services across the Council.

### **Additional income – £278,000**

The Council will look to raise additional income, e.g. by charging for advertising, increasing income from the Registration Service and the Derbyshire Business Centre and by introducing a charge for the free training currently provided by Community Safety.

### **Trade Union (TU) Facilities Time – £50,000**

The Council is looking to reduce its expenditure on TU Facilities to bring the Council in line with similar county councils which have the lowest percentage of TU Facility Time as a proportion of their pay bill.

### **Libraries – £320,000**

The multi-year programme to transfer 20 libraries to community management, together with regularly reviewing staffing levels and opening hours, will continue, as well as the review of the Mobile Library Service.

**Arts – £208,000**

The Council will look at alternative ways to deliver the arts service and also review the current arrangements for awarding grants to organisations.

**Buxton Museum – £70,000**

In line with the proposals to transfer libraries to community management the Council will investigate using volunteers to help to deliver services at Buxton Museum.

**Derbyshire Record Office – £60,000**

Opening hours and staffing levels will be reviewed.

**Trading Standards – £25,000**

The service will no longer undertake weight restriction work on Derbyshire roads.

## **BUDGET SAVINGS PROPOSALS 2021-22**

### **Adult Care – Total - £8,970,000**

#### **Continuation from 2020-21 Schemes:**

Reduction in finance staffing - £100,000

Increase client contributions (co-funding) - £250,000

Whole life disability pathway and assistive technology - £1,850,000

Older people's pathway and assistive technology - £6,770,000

### **Children's Services – Total – £1,972,000**

#### **Continuation from 2020-21 Schemes:**

Improved efficiency – £290,000

Disabled Children's Services – £1,000,000

Back office costs – £266,000

Outdoor Education – £130,000

Preventing newborn children being taken into care – £286,000

### **Economy, Transport and Environment – Total - £2,013,000**

#### **Waste – £230,000**

The cost of disposing of waste will be reduced through restricting use of household waste recycling centres by businesses and people who live outside Derbyshire.

**Staff Budgets: Economy & Regeneration – £381,000; Environment - £71,000; Highways – £681,000; Resources & Improvement – £475,000**

The number of staff will be reduced by not replacing some people when they leave, staff reorganisations and looking for other sources of income to pay for staff costs.

**Highway Agency Agreements – £150,000**

The Council will reduce the cost of highway maintenance work carried out on its behalf by other organisations.

**Parking Services – £25,000**

The Council will save money by managing its on street parking service differently.

**Commissioning, Communities and Policy - Total - £2,586,000**

**Continuation from 2020-21 Schemes:**

**Administration and employee savings – £832,000**

The number of staff in finance and ICT, communications, human resources, policy, community safety and trading standards will be reduced by not replacing some people when they leave and by restructuring services. Back office costs will be regularly reviewed. There are also a number of new initiatives and procurement exercises being carried out to reduce costs.

**Insurance reductions – £200,000**

Further money will be saved by reducing the contribution to the insurance fund, which means the Council accepting a higher level of risk against the fund.

**Interest receipts – £250,000**

By managing the Council's cash balances in a more pro-active manner, it is anticipated that this would increase interest receipts.

**ICT – £256,000**

The Council will continue to review its existing IT contracts and systems and seek to rationalise the number of systems in use across the Council.

**Property Services – £619,000**

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.

**Legal services – £223,000**

The new delivery model will be utilised to manage the demand for Legal Services across the Council.

**Libraries – £206,000**

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



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

### **Adult Care – Total - £7,720,000**

#### **Continuation from 2020-21 Schemes:**

Whole life disability pathway and assistive technology - £1,990,000

Older people's pathway and assistive technology - £5,730,000

### **Children's Services – Total - £786,000**

#### **Continuation from 2020-21 Schemes:**

Improved efficiency – £143,000

Disabled Children's Services – £300,000

Preventing newborn children being taken into care – £143,000

Back office costs – £200,000

### **Economy, Transport and Environment – Total - £2,220,000**

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

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

#### **Waste – £100,000**

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

#### **Future Highways Model – £2,000,000**

Additional income will be generated from making better use of the Council's assets by delivering a major improvement plan for the highways service.

## **BUDGET SAVINGS PROPOSALS 2023-24**

### **Adult Care – Total - £1,860,000**

#### **Continuation from 2020-21 Schemes:**

Whole life disability pathway and assistive technology - £1,170,000

Older people's pathway and assistive technology - £690,000

### **Children's Services – Total – £200,000**

#### **Continuation from 2020-21 Schemes:**

Back office costs – £200,000

### **Economy, Transport and Environment – Total - £2,370,000**

#### **Continuation from 2022-23 Schemes:**

Elvaston Castle and Country Park – £120,000

### **Waste – £2,100,000**

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

### **Digital Derbyshire – £150,000**

The team responsible for ensuring superfast broadband is available across the county will be funded from the Council's reserves instead of a revenue budget.

## **BUDGET SAVINGS PROPOSALS 2024-25**

**Economy, Transport and Environment – Total - £120,000**

**Continuation from 2022-23 Schemes:**

Elvaston Castle and Country Park – £120,000

## **BUDGET SAVINGS PROPOSALS 2025-26**

**Economy, Transport and Environment – Total - £120,000**

**Continuation from 2022-23 Schemes:**

Elvaston Castle and Country Park – £120,000

## **BUDGET SAVINGS PROPOSALS – CROSS DEPARTMENTAL**

Work has taken place to identify possible savings from the following sources over the life of the Five Year Financial Plan.

### **Risk Management Budget - £3,000,000**

Through tight control of costs it has been possible to release back, for Council-wide use, amounts no longer required by, principally, the Adult Care and Social Health Department. It is proposed to utilise this sum in 2020-21.

### **Pension Contributions - £1,000,000**

It is proposed that the Council pay –upfront – its whole expected pension contribution to the Pension Fund in one payment during 2020-21. This will then generate a longer term saving from saving from the enhanced rates of return available to fund.

### **Revenue Contribution to Capital - £1,000,000**

There is an opportunity in 2020-21 to release a sum of revenue base budget that is used to finance capital, by funding the capital expenditure from borrowing instead.

### **Procurement Strategy**

As part of the implementation of the Council's Procurement Strategy it has become clear that further opportunities for savings exist. It is proposed that a reasonable expectation for further savings is possible at around the £3m level.