



**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**1 February 2024**

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

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

**1. Divisions Affected**

1.1 County-wide.

**2. Key Decision**

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

**3 Purpose of the Report**

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

## **4 Information and Analysis**

### **4.1 Introduction and Summary**

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

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

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

#### **Section 151 Officer's Statement**

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

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

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










### **Structure of the Report**

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

## 4.2 Forecast Revenue Outturn 2023-24

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

**Table 1: Department Forecast Revenue Outturn at Quarter 3**

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

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

## Use of Reserves

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

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

### **Forecast Budget Variances**

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

#### Adult Social Care and Health £6.367m overspend

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

#### Children's Services £21.096m overspend

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

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

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

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

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

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

Place £3.298m overspend

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

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

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

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

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

Corporate Services and Transformation (£0.142m) underspend

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

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



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

#### Corporate Budgets £3.452m overspend

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

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

#### Dedicated Schools Grant

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

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

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

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

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

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

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

### 4.3 Autumn Statement 2023

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

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

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

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

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

#### **4.4 Local Government Finance Settlement**

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

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

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

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

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

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

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

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

### Future Funding Levels

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

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

### Settlement Funding Assessment

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

**Table 2: Settlement Funding Assessment Allocations**

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

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

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

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

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

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



## General Grant

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

**Table 3: General Grant Allocations**

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

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

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

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

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

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

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

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

**Table 4: 2024-25 Social Care Grant Increase**

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

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

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

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

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

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

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

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

### **Ring-Fenced Grants**

4.4.8 The Council receives the following ring-fenced grants:

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

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

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

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

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

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

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

	<b>2023-24 £m</b>
Derby and Derbyshire ICB	70.152
<b>ICB Minimum Contribution</b>	<b>70.152</b>
<b>ICB Additional Contribution</b>	
Discharge Grant	4.537
<b>Total ICB Contribution</b>	<b>74.689</b>
<b>DCC Additional Contribution</b>	
ICES Equipment	0.852
Other	0.611
Disabled Facilities Grant	8.587
Improved Better Care Fund	35.733
Discharge Grant	5.010
	<b>50.793</b>
	<b>125.482</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 BCF has national metrics underpinning its performance, which will be used to measure success, include reducing admissions to residential care homes, effectiveness of reablement out of hospitals, non-elective admissions to hospitals and delayed transfer of care.

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

## **4.5 Council Tax**

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

## **Taxbase**

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

## **Collection Fund**

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

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

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

### **Referendum Principles**

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

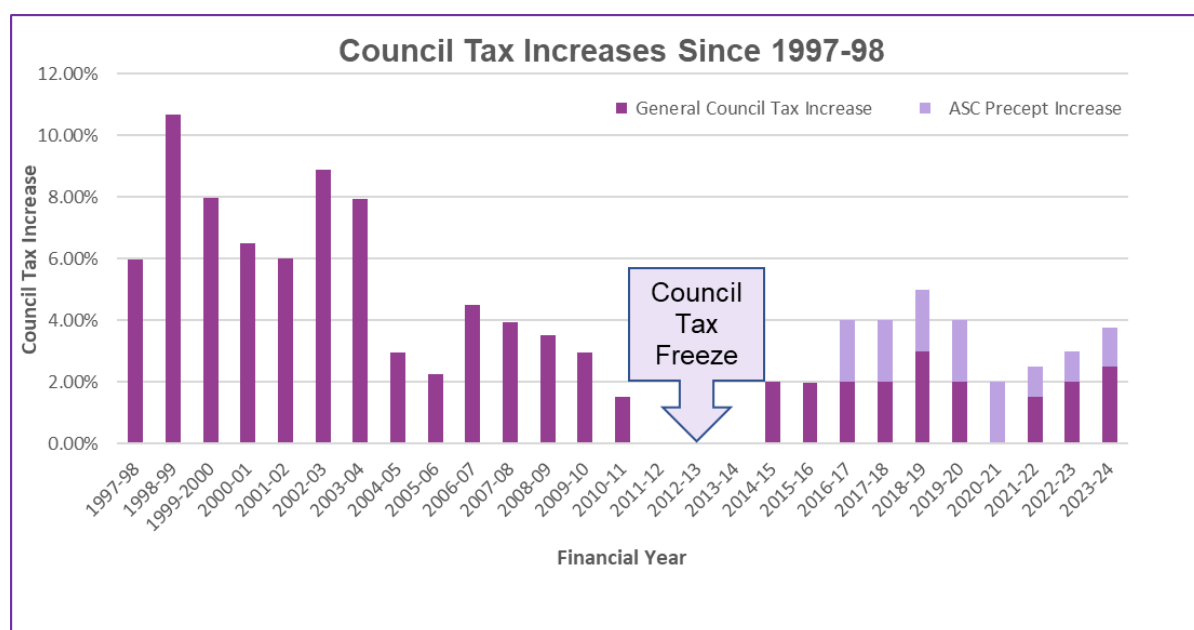
4.5.9 The Autumn Statement provides county councils with the flexibility to increase Council Tax by up to 3% for general spending. In addition, local authorities with adult social care responsibilities will be able to increase adult social care spending by levying up to a further 2% using the ASC precept.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

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

### **Council Tax Increase**

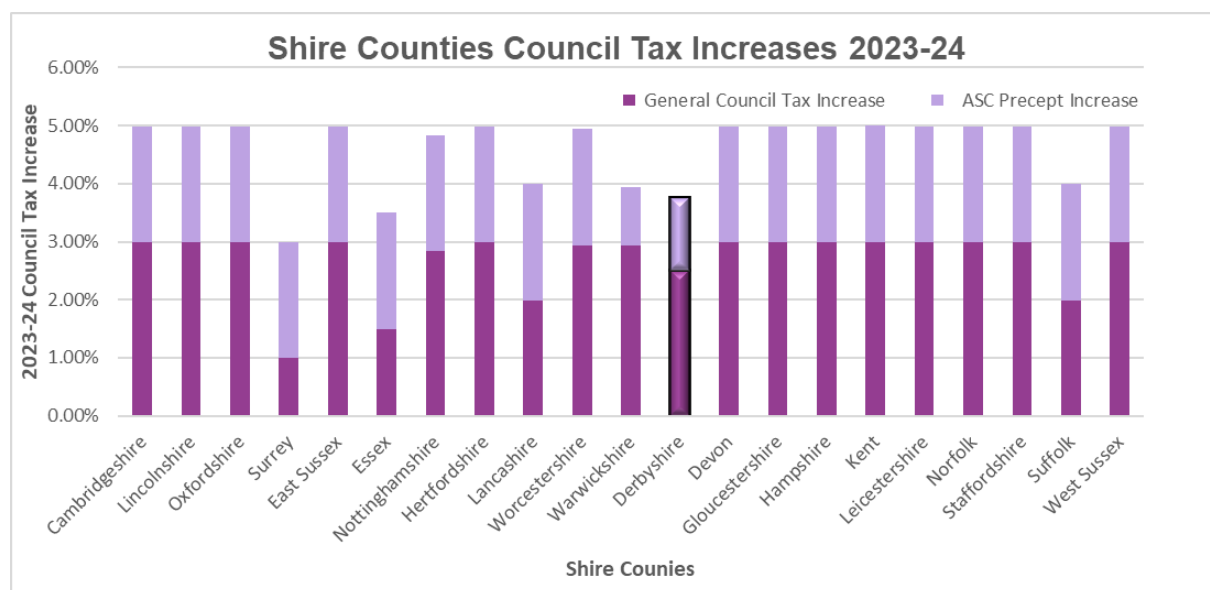
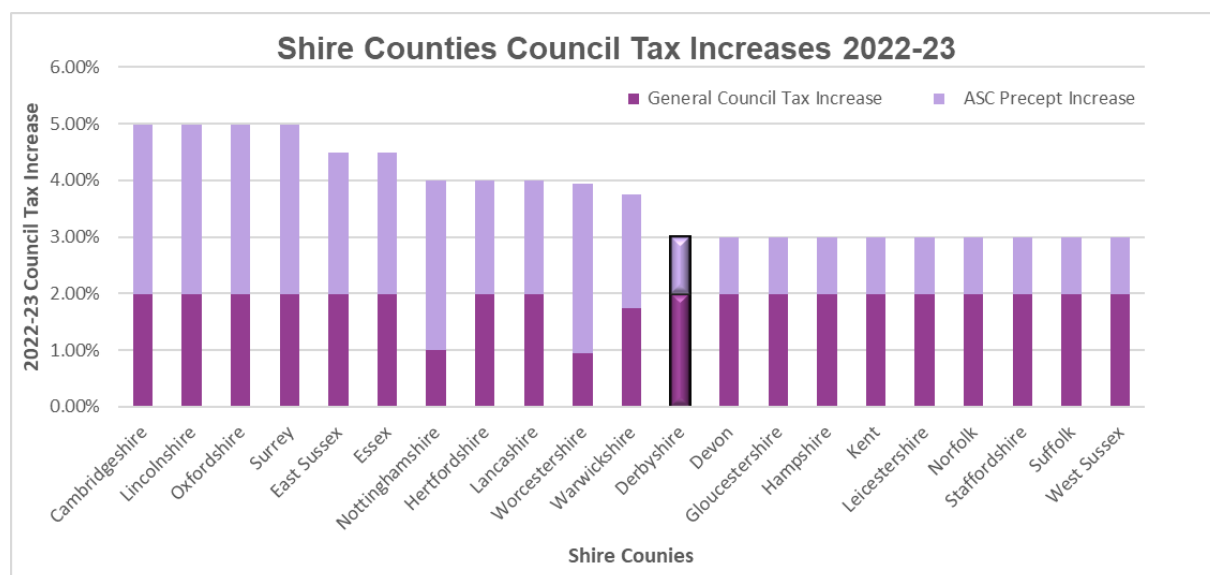
4.5.11 The graph below illustrates the Council's Council Tax increases over the last 20+ years:



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

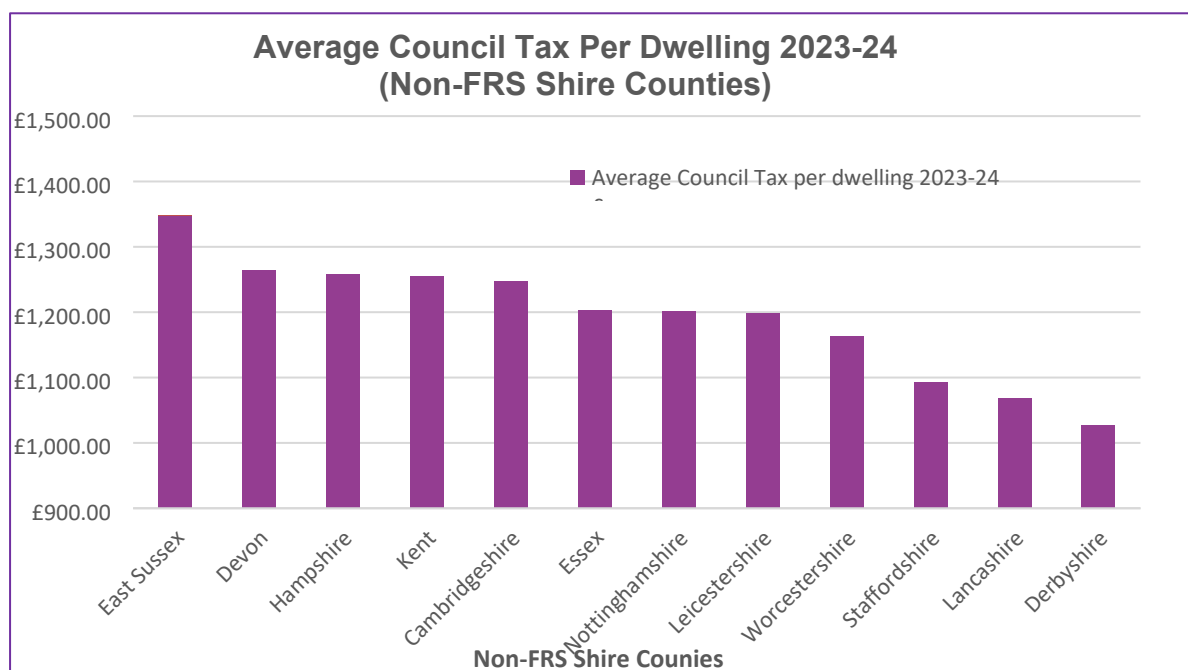
4.5.12 Since 2016-17 there has been the ability to raise an additional amount of Council Tax specifically to additionally fund adult social care spending, known as the Adult Social Care precept (ASC precept). The table above highlights how the Council has used this flexibility in recent years.

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

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

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

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



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

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

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

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

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

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

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

## 4.6 Price Increases

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

### Departmental Budgets - £27.869m Inflation Ongoing Price Pressures

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

**Table 6: 2024-25 Departmental Inflation Ongoing Price Pressures**

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

## 4.7 Corporate Budgets

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

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

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

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

**Table 7: 2024-25 Corporate Contingency Pay Award Pressure**

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

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

#### **External Debt Charges and Minimum Revenue Provision - £49.723m**

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



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

#### **Risk Management Budget - £nil**

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

## Interest and Dividend Income - £3.747m

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

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

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

## 4.8 Other Non-Inflation Service Pressures

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

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

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

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

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

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

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

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

## **4.10 Budget Savings Targets**

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

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

**Table 9: 2024-25 Budget Savings By Department**

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

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

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

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

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

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

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

## **Governance in Setting the Budget**

### **Estimation Processes**

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

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

### **Role of Audit Committee**

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

## Financial Management Code

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

## Autumn Statement 2023

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



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

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

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

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

## Pressures

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

**Table 10: 2024-25 Departmental Service Pressures**

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

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

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

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

## **Reserves**

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

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

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

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

- 4.11.24 The Council has a Budget Management Earmarked Reserve, which has been used in the past to supplement the use of the General Reserve, to manage, where appropriate, any delayed savings to services, as detailed earlier in this report. The Council's Performance Monitoring and Revenue Outturn 2022-23 Report allocated, from the release of earmarked reserves and underspends, £15.924m to the Budget Management Earmarked Reserve. In the 2023-24 Settlement there was encouragement for local authorities to consider how they can use their reserves to maintain services in the face of immediate inflationary pressures, taking account of the need to maintain appropriate levels of reserves to support councils' financial sustainability and future investment. This acknowledged that local authority reserves levels have increased in recent years. In line with this, the Council's Budget Management Earmarked Reserve is forecast to be depleted in 2024-25, through partly funding the one-off pressures in the 2024-25 Revenue Budget. Measures will need to be considered to replenish this Budget Management Earmarked Reserve, if possible.
- 4.11.25 The Council made the strategic decision to fund its capital expenditure since 2018-19 from additional borrowing, rather than its revenue budget. These revenue contributions are held in an Earmarked Reserve (the Revenue Contributions to Capital Expenditure (RCCO) Earmarked Reserve), which is being held to supplement the use of the General Reserve and support the management of revenue budgets over the medium term. The Revenue Budget Report since 2020-21 has approved the use of one-off support for the revenue budget from this Earmarked Reserve and it proposed that there is further one-off support for the revenue budget in 2024-25. It is anticipated that this RCCO Earmarked Reserve will be used to fund the remainder of the Council's one-off revenue budget pressures following depletion of the Budget Management Earmarked Reserve in 2024-25, in addition to its anticipated use to meet any unmitigated 2023-24 overspend not covered by Earmarked Reserve releases, as referred to in paragraph 4.11.20. Based on the currently forecast unmitigated overspend for 2023-24 and the level of one-off support required for the revenue budget for 2024-25, there is a sufficient balance on this RCCO Earmarked Reserve to enable this. Further contributions to this RCCO Earmarked Reserve, in the region of £6m, should be possible in 2023-24, with a possible further £2.5m in 2024-25.
- 4.11.26 Earmarked Reserves are required for specific purposes and are a means of smoothing out the costs associated with meeting known or predicted liabilities. These reserves have no specific limit set on them, but they should be reasonable for the purpose held and it must be agreed that they are used for the item for which they have been set aside.

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

### **Medium Term Planning**

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

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

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

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

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

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

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

## **4.12 Five Year Financial Plan**

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

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

### **Risks and Uncertainties**

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

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

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

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



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

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

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

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

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

4.12.3 Further significant risks are illustrated below.

## Local Taxation

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

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

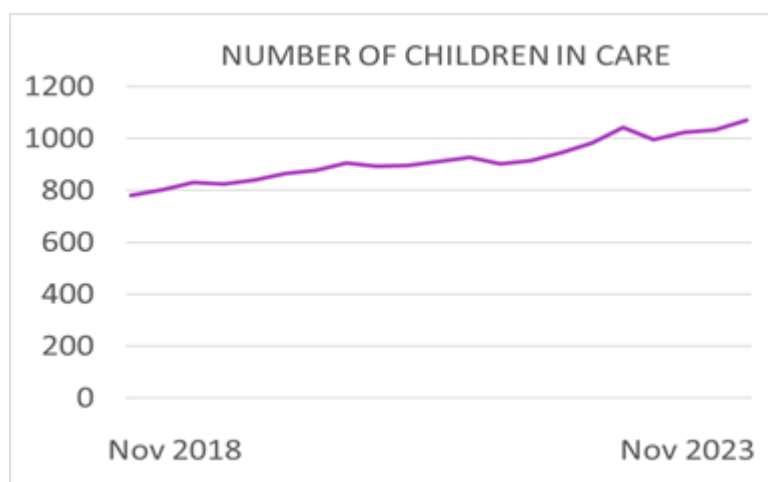
## Service Pressures

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

### Children's Social Care

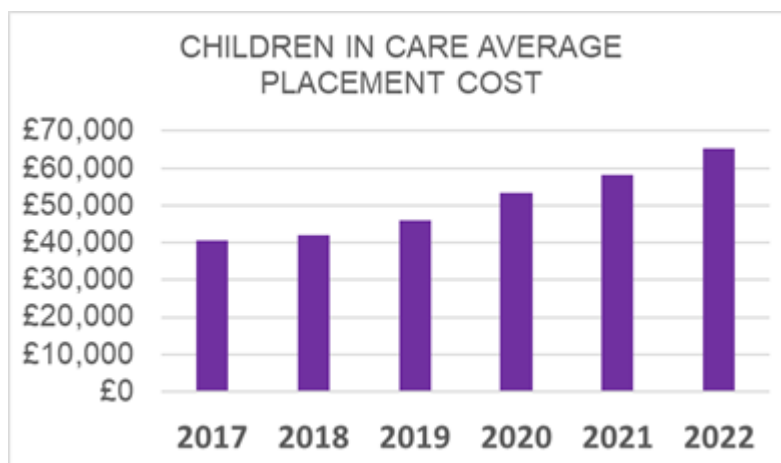
- As an upper tier authority, the Council is responsible for providing children's social care services. These services include child protection and safeguarding, care for looked after children and aftercare, support for vulnerable children and their families.
- Nationally the number of children in care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

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



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

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



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

## **Schools and Learning**

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

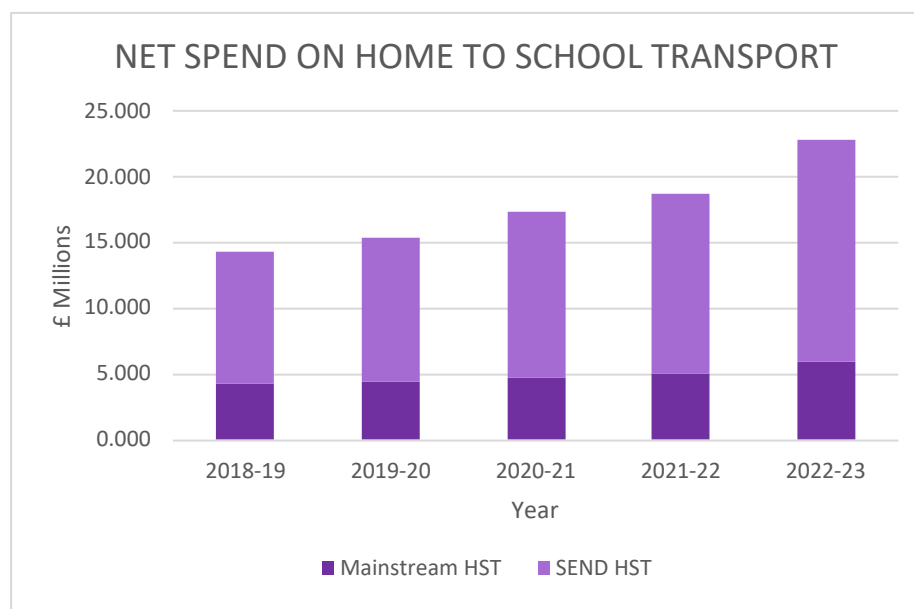
- The Council's accumulated DSG deficit was £4.775m at 31 March 2023. The DSG deficit will need to be recovered from future DSG income, however a statutory override for the accounting treatment of DSG positions is in place until 2025-26. The main pressures for the Council, as with most local authorities,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

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

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

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

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



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

## **Adult Social Care**

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

## **Waste**

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

## **Budget Savings**

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

## Council Plan Priorities

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

## Summary

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



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

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

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

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

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

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

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

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

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

## **5 Consultation**

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

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

## 6 Alternative Options Considered

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

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

## **7 Implications**

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

## **8 Background Papers**

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

## **9 Appendices**

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

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

## **10 Recommendations**

That Cabinet recommends to Council that it:

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



10.12

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

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

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

## 11 Reasons for Recommendations

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

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

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

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## **Implications**

### **Financial**

- 1.1 Considered in the body of the report.

### **Legal**

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

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

## **Human Resources**

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

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

### **Information Technology**

- 4.1 None

### **Equalities Impact**

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

### **Corporate objectives and priorities for change**

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

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

7.1 None

## REVENUE BUDGET 2024-25

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

## RESPONSE TO PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2024-25



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

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

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

Dear Sir/Madam

### **Provisional Local Government Finance Settlement 2024-25**

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

### **Fair Funding**

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



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

## **Social Care Costs**

### **Adult Social Care**

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

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

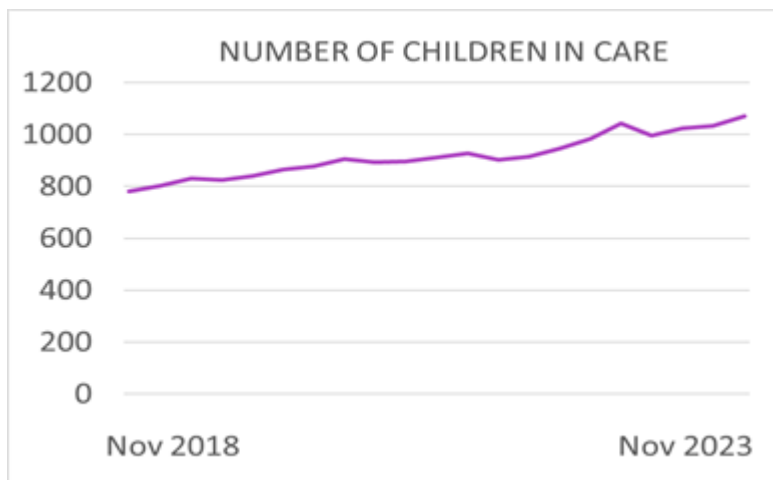
There are growing pressures around hospital discharge from the NHS, with an increase in demand, and because there is an insufficient supply of home care and reablement services, this has driven increased placements into residential homes rather than into care at home, with the risk of associated long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

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

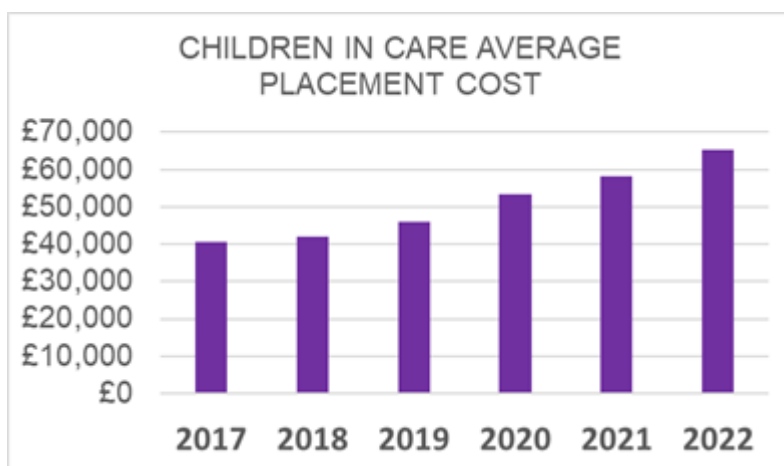
As an upper tier authority, the Council is responsible for providing children's social care services. These services include child protection and safeguarding, care for looked after children and aftercare, support for vulnerable children and their families.

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

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



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



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

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

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

### **Funding**

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

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

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

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

### **Schools and Learning**

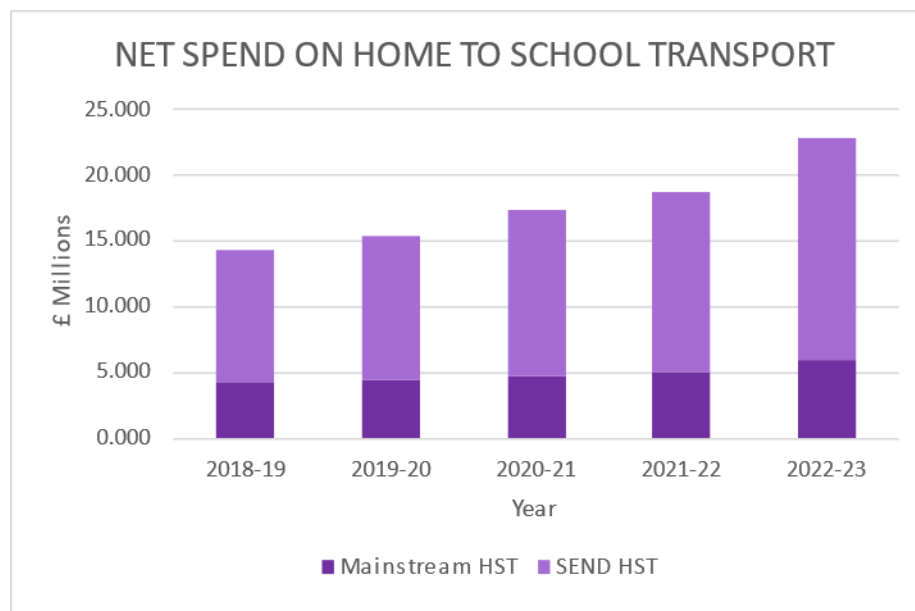
Whilst expenditure on school-related activity would normally be expected to be met from within the allocated DSG, there are some school based pressures which could fall to the Council's General Reserve to fund, details of which are set out below.

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

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

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

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



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

### **Pay**

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

### **Public Health Grant**

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

### **Multi-Year Financial Settlement**

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

### **Conclusion**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Council Tax Equalities

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

### Reserves

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

### Multi-Year Settlements

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

### Fundamental Reform

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

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

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

Yours faithfully

**Mark Kenyon**  
**Director of Finance & ICT (S151 Officer)**

## **COUNCIL TAX 2024-25**

### **Taxbase**

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

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

### **Collection Fund**

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

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

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

**Council Tax Amounts**

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

**Precept Amounts**

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

## **SERVICE PRESSURES 2024-25**

### **Summary**

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

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

## By Department

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

## **Place 2024-25 Service Pressures**

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

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

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

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

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

### **Inflation - Business Rates - £2,000 inflation ongoing**

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Inflation - Business Rates – £144,000 inflation ongoing**

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

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

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

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

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

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

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

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

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

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

To fund the removal of asbestos residue within Council buildings.

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

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

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

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

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

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

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

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

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

To carry out essential maintenance to the listed building.

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

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

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

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

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

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

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

**ADULT SOCIAL CARE AND HEALTH (ASCH) SAVINGS PROPOSALS**

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



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

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

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

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

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

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

ASCH8a	Direct Payments Usage	The benefits of using Direct Payments are well known and the Care Act 2014 explicitly encourages their use, they provide increased flexibility, choice and control so that a person can put in place the care and support that works for them; often employing a personal assistant or using a small micro provider. They are also more cost efficient and can help reduce the need for more expensive residential placements. This is the third year of this approach within Adult Social Care.	No	No	Ongoing	<b>1.300</b>	0.600	0.700			
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ASCH8b	Direct Payments Usage	The benefits of using Direct Payments are well known and the Care Act 2014 explicitly encourages their use, they provide increased flexibility, choice and control so that a person can put in place the care and support that works for them; often employing a personal assistant or using a small micro provider. They are also more cost efficient and can help reduce the need for more expensive residential placements. This is the third year of this approach within Adult Social Care.	No	No	Ongoing	<b>0.500</b>	0.500				
ASCH9	Short Term Services Redesign	Adult Social Care has a number of service modernisation initiatives and savings proposals that are already underway. These have all followed due process and are already in the public domain. These include short term services redesign, changes to the charging	No	No	Ongoing	<b>2.088</b>	1.110	0.978			



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

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

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

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

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

ASCH 19	Extra Care Facilities for Older People	<p>To ensure the sustainability of adult social care services now and in the future approval will be sought to publicly consult on a redesign of the current council-owned care and support delivery arrangements within extra care settings. Extra care housing schemes offer independent self-contained living but with the benefit of on-site care provision if needed.</p> <p>Currently, social care and support services are provided as a set amount for day and night cover that does not fully account for the balance of the individual needs of people living in extra care housing. The proposed consultation would follow a review of services at each of the extra care settings which will identify whether the current</p>	No	Yes	Ongoing	<b>0.360</b>	0.180	0.180			
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		home care hours scheduled reflect the assessed needs of the residents. The consultation would include proposals as to alternative service delivery options which would ensure that the service continues to deliver appropriate support to the residents at best value to the council.									
ASCH21	Public Health Assistant Director Salary	Delay recruitment to the vacant Assistant Director in Public Health position, saving £112,000 to allow investment in other public health priority services.	No	No	One-Off	<b>0.112</b>	0.112				

Public – Appendix Six

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



**Public – Appendix Six**

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

**CHILDREN'S SERVICES SAVINGS PROPOSALS**

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

Public – Appendix Six

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

Public – Appendix Six

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

Public – Appendix Six

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

Public – Appendix Six

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

**CORPORATE SERVICES AND TRANSFORMATION (CST) SAVINGS PROPOSALS**

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

Public – Appendix Six

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



Public – Appendix Six

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

Public – Appendix Six

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

Public – Appendix Six

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

**PLACE SAVINGS PROPOSALS**

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

Public – Appendix Six

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

Public – Appendix Six

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

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

Public – Appendix Six

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



Public – Appendix Six

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

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

**Public  
Appendix Seven**

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

**Public  
Appendix Seven**

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

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

### Introduction and context

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

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

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

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

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

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

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

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



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

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

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

## Part 2. Supporting evidence about impact

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

### Age

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

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

#### Disability

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

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

#### Gender (Sex)

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

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

#### Gender re-assignment

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



#### Marriage and civil partnership

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

#### Pregnancy and maternity

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

#### Race

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

#### Religion and belief, including non-belief

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

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

#### Sexual Orientation

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

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

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

#### Socio-economic and social mobility

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

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

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

#### Armed Forces and ex-Armed Forces

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

#### Carers (Paid or unpaid)

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

#### Rural Communities

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

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

#### Businesses in Derbyshire

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

#### Public and private partners

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

Please detail the sources for the above information

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

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

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

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

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

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

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

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

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

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

	<ul style="list-style-type: none"> <li>• £1.8m for increased costs of maintaining local bus services which are not commercially viable (typically rural, evening and weekend services).</li> <li>• Waste inflation of £3.608m to meet the Council's statutory obligations for the treatment and disposal of household waste.</li> <li>• £5.8m for Highways revenue budgets to meet statutory duties to maintain the highway in the context of increased costs and a deteriorating network.</li> </ul>		
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<b><i>Protected Characteristic or Group</i></b>	<b><i>Positive impact</i></b>	<b><i>Negative impact</i></b>	<b><i>No impact</i></b>
<b>Age</b>	<p>Proposals within Adult Social Care and Health related to service redesign are seeking to improve outcomes for local residents and ensuring the most efficient use of public money, which may have a positive impact on older people, their carers and families.</p> <p>The budget proposals include additional expenditure in Adults services which may have a positive impact on older residents and employees in Derbyshire.</p>	<p>Proposals within Adult Social Care and Health include potential savings relating to services provided to Older People, which could affect older people, their carers and families.</p> <p>A number of savings proposals may include the restructuring of service delivery and there may be an impact on employees. The Council has an older</p>	

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



<b><i>Protected Characteristic or Group</i></b>	<b><i>Positive impact</i></b>	<b><i>Negative impact</i></b>	<b><i>No impact</i></b>
<b>Gender re-assignment</b>		The incidence of gender re-assignment is rarely monitored but we do know that the number of people to whom this applies is increasing in the UK. This means that amongst our residents and people who use our services, people with this protected characteristic will be represented and could be additionally affected in some cases but this will be difficult to identify and measure.	
<b>Marriage &amp; civil partnership<sup>1</sup></b>			The issue of marriage and civil partnership is unlikely to feature highly when considering the impact of budget proposals, and there is unlikely to be a measurable adverse impact
<b>Pregnancy &amp; maternity</b>		As women represent a large proportion of local residents and Council employees, pregnant women and new mothers could be impacted by the budget proposals. Specific proposals relating to Children and Families may be more likely to impact pregnant women and new mothers.	

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

<b><i>Protected Characteristic or Group</i></b>	<b><i>Positive impact</i></b>	<b><i>Negative impact</i></b>	<b><i>No impact</i></b>
<b>Race &amp; ethnicity</b>		When compared to the nearby cities of Derby, Nottingham, Sheffield, and Manchester/ Stockport, which are within easy reach of Derbyshire, the county has a lower than average population of people from a BME background. A number of the proposals within the budget plans impact adversely upon BME households, but to a similar degree to non-BME households, and are dependent upon the extent to which those households use or engage currently with services. This will be considered as part of individual EIAs for each saving proposal.	
<b>Religion/ belief<sup>2</sup></b>		Religion and belief, including non-belief, can often mean that people will have different cultural or dietary needs, which as service users, will need to be met or taken regard of. Faith often features as an issue in relation to schooling, school transport, or the services which are provided to people we support or care for, and services which work in communities tackling abuse or exclusion. Some of the proposals could have an adverse impact	

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<sup>2</sup> Under EA 2010 – must also consider non-religious belief.

<b>Protected Characteristic or Group</b>	<b>Positive impact</b>	<b>Negative impact</b>	<b>No impact</b>
		upon some people from a religious minority background.	
<b>Sex or gender<sup>3</sup></b>	The budget proposals include additional expenditure in Adults and Children's services which may have a positive impact on women in Derbyshire.	<p>Many of our local residents whom we support are women. They are more likely to feature as carers, as residents of care homes/ user of older person services, user of libraries, benefit from community safety services and protection type services, and as a parent needing support.</p> <p>Women make up almost 80% of the total workforce and a similar majority of the many part-time workers we employ. Proposals within this budget include a number to restructure service teams, where women, by nature of the proportion they represent, are likely to be affected to a greater degree.</p>	
<b>Sexual orientation</b>		It is likely that proposed savings across most areas of service will also impact on LGBTQ people as they would on heterosexual people, and that as a consequence, where the protected characteristic of sexual orientation might	

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

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

**Public  
Appendix Eight**

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

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

#### **Part 4. Summary of key findings**

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

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

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

## **Part 5. Proposed Equality Action Plan**

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

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

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

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