

DERBYSHIRE COUNTY COUNCIL

CABINET

23 January 2020

Report of the Director of Finance & ICT

REVENUE BUDGET REPORT 2020-21
(STRATEGIC LEADERSHIP, CULTURE AND TOURISM)

1 Purpose of the Report

To make proposals to Full Council regarding the Revenue Budget and Council Tax for 2020-21. This report should be read alongside the following reports to this Council meeting: the Budget Consultation Results Report for 2020-21, the Budget Monitoring 2019-20 (as at 31 October 2019) Report and the Capital Programme Approvals, Treasury Management and Capital Strategies for 2020-21 Report.

2 Information and Analysis

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 2020. Information relating to the funding and income streams to the Council are set out in Appendix One. The report commences with details of the Spending Round 2019 and the Provisional Local Government Finance Settlement, including Council Tax levels, before identifying the service pressures facing the Council and consequent budget savings required. The report concludes with comments on the Council's financial standing and the robustness of the estimates made in preparing the budget.

(a) Budget 2019-20

The latest budget monitoring position for 2019-20 is in a separate report for consideration at this meeting. The Council is forecasting an overall underspend for 2019-20, however, this is being achieved, in part, through the use of one-off funding measures and underspends on corporately held budgets as there is immense pressure on all demand led services, in particular those around services to children.

(b) Spending Round 2019

On 4 September 2019, the Government announced details of the Spending Round 2019 (SR 2019), sometimes referred to as the Spending Review. This set out public spending totals for the financial year 2020-21 only, pending a full Spending Review which will be published later this year. The key announcements relevant to local government were:

- CPI inflationary increases in business rates baseline funding levels and Revenue Support Grant.
- Cessation of Business Rates Retention pilots, except for devolution areas.
- Business Rates Retention reform and Fair Funding Review delayed until April 2021.
- Proposal to allow a further 2% Adult Social Care Precept to be levied in 2020-21.
- Continuation of “one-off” grants allocated in 2019-20, including £1.8bn Improved Better Care Fund (iBCF), £240m Winter Pressures Grant (expected to be rolled into iBCF), £410m Social Care Support Grant, £918m New Homes Bonus and £81m Rural Services Delivery Grant.
- £1bn additional Social Care Grant.
- “Real-terms” increase in the Public Health Grant.
- £2.6bn increase in core schools funding in 2020-21, including £700m High Needs Funding for special educational needs (11% increase).
- Additional £400m for further education and £66m for early years.
- £9m additional funding to local authorities to support EU Exit preparations. In total, Government has allocated £77m in funding to help local areas prepare.
- £200m to transform bus services, making better use of technology and promoting decarbonisation.
- £422m to help reduce homelessness and rough sleeping.
- £24m additional funding for the Building Safety Programme, post-Grenfell.
- £10m additional funding for English as a second language provision.
- £241m funding from the Towns Fund.
- Continued funding for the Troubled Families Programme, Midlands Engine, Northern Powerhouse and Help to Buy Support.

(c) Local Government Finance Settlement

Details of the Provisional Local Government Finance Settlement 2020-21 (Provisional Settlement) were published on 20 December 2019. It marked the start of a four-week consultation period. The Director of Finance & ICT submitted the Council’s response to the Provisional Settlement ahead of the deadline for responses, which was 17 January 2020, following consultation with the Leader of the Council and Corporate Management Team. A copy is attached at Appendix Two. Details of the Final Settlement are expected to be published in early February 2020. This is later than normal and may be after

the Council has formally set its budget and Council Tax on 5 February 2020. Whilst this presents a risk, it is felt to be manageable within the context of the Council's overall finances.

Further to the key announcements relevant to local government from SR 2019, the headlines from the Provisional Settlement and associated Technical Consultation, the Queen's Speech and later announcements, are:

- To reflect the one-year SR 2019, the Government is proposing to roll forward core components of the 2019-20 Settlement, with elements of core funding increasing in line with CPI inflation, key Local Government grants being maintained at 2019-20 levels and £1bn of additional funding provided for social care.
- Negative Revenue Support Grant has been removed from the 2020-21 Provisional Settlement.
- Basic Council Tax precept threshold will be set at 2% for county councils.
- Adult Social Care Precept threshold will remain at 2%.
- Delay of one year, to 2021-22, of the outcome of the Fair Funding Review and the move to increased Business Rates Retention. The Government is committed to conducting a fundamental review of Business Rates as a tax, engaging with businesses and local authorities. Presently it is not known how this might affect the Business Rates Retention system or future Local Government funding arrangements.
- New Homes Bonus is continuing for 2020-21.
- Rural Service Delivery Grant is continuing at 2019-20 levels.
- Pothole funding for 2020-21 is expected to be announced in the upcoming Budget.
- More announcements are expected in the upcoming Budget in respect of support for high street rejuvenation and to improve transport links.
- National Living Wage (NLW) to increase by 6.21% from £8.21 to £8.72 in 2020-21.

Future Funding Levels

The current multi-year funding offer from Government ends on 31 March 2020. The local government sector is seeking a multi-year settlement beyond 2020-21 to provide funding certainty and stability, similar to the four-year offer made by Government in 2015.

It was expected that a further multi-year funding offer would be available for three years from 2020-21. However, the SR 2019 covers only a single year, 2020-21. This leaves the Government more flexibility to respond to future developments, against a backdrop of political and economic uncertainty. It is expected that there will be a comprehensive multi-year Spending Round in 2020.

Settlement Funding Assessment

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

	2019-20 allocations £m	2020-21 allocations £m
Revenue Support Grant	13.517	13.738
Business Rates Top-Up	93.370	94.892
Business Rates - Local	19.195	20.067
	126.082	128.697

- **Revenue Support Grant**

Revenue Support Grant has increased in line with the Small Business Rates multiplier (based on the Consumer Price Index (CPI) as at September of the preceding financial year). It had previously been expected that Revenue Support Grant would be reduced to zero in 2020-21.

- **Business Rates Top-Up**

Business Rates Top-Up has also increased in line with the Small Business Rates multiplier. The Government has fixed, in real terms, authorities' retained business rates baselines until the business rates system is reset.

- **Business Rates – Locally Retained**

The figure for Local Business Rates shown in the table above includes the Council's estimate of its Derbyshire business rates 2020-21 pool gain of £1.500m, based on previous years' pool gains, and the billing authorities' business rates estimates for 2019-20; the billing authorities have until 31 January 2020 to provide the County Council with the final estimates for 2020-21 growth to be used in setting the budget. The amount represents 9% of business rates collected locally. A verbal update of the business rates income will be provided at the meeting. Any changes to the figure shown in Appendix One will be managed through the Risk Management Budget or Reserves.

New Homes Bonus (NHB)

The NHB grant was introduced in April 2011. The scheme is aimed at encouraging local authorities to grant planning permission for the building of new houses and then share in the additional revenue generated. The allocations tend to favour councils with lower tier responsibilities. NHB is to continue in 2020-21, with a new round of allocations funded by £900m top-

sliced from Revenue Support Grant, in addition to an estimated £7m from the Ministry of Housing, Communities and Local Government (MHCLG).

The Government has decided not to make any change to the payments baseline, remaining at 0.4% for 2020-21 allocations. No legacy payments will be made on these new allocations; meaning that the 2020-21 bonus is not included in the calculation of payments in 2021-22 and 2022-23 and future income from NHB is expected to decrease. Legacy payments will be made on allocations from earlier years. This will leave an element of the £900m top-slice available for reallocation on a different basis in later years. The Government is expected to consult with local authorities on proposed revisions to the NHB Scheme later in the year.

The Council's 2020-21 allocation is £2.326m.

General Grant

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

	2019-20 £m	2020-21 £m
Improved Better Care Fund (iBCF)***	31.055	34.682
Winter Pressures Grant***	3.627	0
Business Rates Capping*	6.364	4.524
Business Rates Retention Levy Account Surplus**	1.704	0
Social Care Support Grant****	6.197	21.941
Independent Living Fund	2.534	2.534
Extended Rights to Free Travel*/**	0.914	0
Lead Local Flood Authority**	0.059	0.059
Troubled Families Grant*/**	0.302	0.302
Local Reform and Community Voices Grant*/**	0.520	0
War Pensions Scheme Disregard*/**	0.171	0
Prison Services*/**	0.110	0
EU Exit Preparation Grant and Resilience Forum*/**	0.175	0
Total	53.732	64.042

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

** For 2020-21 awaiting Government information about this grant; where numbers are included it is considered likely that funding will be received at around 2019-20 levels.

*** Winter Pressures Grant of £3.627m has been rolled into iBCF from 2020-21 and is no longer ring-fenced for alleviating winter pressures.

****For 2020-21, Social Care Support Grant allocations have been rolled into the Social Care Grant.

- **Improved Better Care Fund (iBCF) including Winter Pressures Grant** – the Comprehensive Spending Review 2015 announced that £1.5bn would be added to the ring-fenced Better Care Fund progressively from 2017-18. This was later increased by £2bn, at the Spring Budget 2017, allocated over a three year period, reaching £1.837bn in 2019-20 nationally. For

2020-21, funding has been maintained at 2019-20 levels, additionally incorporating £240m which was allocated as a Winter Pressures Grant in 2019-20. This amount is no longer ring-fenced for alleviating NHS winter pressures.

- **Business Rates Capping** – compensates authorities by means of Section 31 grants for reductions in business rates income, following decisions by Government to change the rate relief for some organisations in the 2018 Budget and for changes in the uprating of the business rate multiplier from the Retail Price Index (RPI) to the lower CPI. The amount included in the Council's 2020-21 budget calculation is the Council's Provisional Settlement allocation for under-indexing of the business rates multiplier. Business rates discounts for 2020-21 are currently unknown. More details regarding business rates and reliefs are expected in the upcoming Budget. Billing authorities will provide final estimates by 31 January 2020 to be used in setting the budget. A verbal update of business rates income will be provided at the meeting.
- **Business Rates Retention Levy Account Surplus** – in 2019-20 this related to the distribution of surplus on the 2018-19 Business Rates Retention Levy Account as a result of business rates growth, originally top-sliced from Revenue Support Grant. The Provisional Settlement does not include any provision from the Levy Account. Calculation of the surplus has been delayed because of audit delays and the General Election. It is not expected that the surplus will be as significant as in 2019-20. Whether the surplus is rolled over, or is distributed to local authorities, is subject to ministerial discretion. Accordingly, no amount has been included in the Council's 2020-21 budget calculation, pending receipt of further information.
- **Social Care Grant including the Social Care Support Grant** - The £1.41bn Social Care Grant consists of £1bn new funding (announced in SR 2019) and direct continuation of the 2019-20 £410m Social Care Support Grant. Allocations have been determined according to the Adult Social Care Relative Needs Formula, including £150m used to provide equalisation of the Council Tax Adult Social Care Precept. The whole £1.41bn Social Care Grant is unringfenced, with no conditions attached. There is no prescription regarding the proportion of the grant which should be allocated to children or to adults.
- **Independent Living Fund (ILF)** – responsibility for administering the ILF was devolved to local authorities in England in 2015. The Government originally committed to providing non ring-fenced funding to local authorities until 2019-20. In the Provisional Local Government Finance Settlement it was announced that the ILF would be received in 2020-21, at 2019-20 levels.

- **Extended Rights to Free Travel** – funding to support extended rights to free school travel. Pending receipt of grant information, no grant income has been included in the Council's 2020-21 budget calculation.
- **Lead Local Flood Authority** – to carry out duties under the Flood and Water Management Act 2010 and for the role as statutory consultee on surface water for major development. Pending receipt of grant information, this grant has been included in the Council's 2020-21 budget calculation at the Council's 2019-20 allocation.
- **Troubled Families Grant** – funding to provide intensive support for some of the most vulnerable families. The programme was originally set to run for five years from 2015 to 2020 but was extended by a year in SR 2019. £165 million of new funding has been confirmed for 2020-21 but pending receipt of grant allocation information, this grant has been included in the Council's list of 2020-21 general grants at the Council's 2019-20 allocation.
- **Local Reform and Community Voices Grant** – this grant is comprised of funding for Deprivation of Liberty Safeguards, local Healthwatch and Independent Complaints Advisory Services. Pending receipt of grant information, no amount for this grant has been included in the Council's 2020-21 budget calculation.
- **War Pensions Scheme Disregard** - compensates authorities for disregarding, for the purposes of social care charging, most payments made under the War Pension Scheme. Pending receipt of grant information, no amount for this grant has been included in the Council's 2020-21 budget calculation.
- **Prison Services** – funding for social care in prisons. Pending receipt of grant information, no amount for this grant has been included in the Council's 2020-21 budget calculation.

Private Finance Initiative Grant (PFI)

The PFI grant is received to support expenditure which is incurred in meeting payments to contractors for the capital element of school building projects previously undertaken through PFI and similar funding arrangements. These funding arrangements require payments to be made over a 25 year period. The capital payments due on these schemes will end in three phases between 2029 and 2035. The Council's allocation for 2020-21 is £10.504m.

Ring Fenced Grants

- **Dedicated Schools Grant (DSG)**

Grant is paid to local authorities to provide school, high needs, early years and central schools block budgets. Local authorities are responsible for determining the allocation of grant in conjunction with their local Schools Forum. Local authorities are responsible for allocating funding to schools

and academies, high needs and early years providers in accordance with their local funding formulae. DSG school and early years revenue funding allocations for 2020-21 were published on 19 December 2019. Details of DSG schools block funding were considered by Cabinet on 16 January 2020 and the early years block and high needs block will be considered in February/March 2020.

- **Public Health**

Public Health expenditure is funded from a ring-fenced grant. The budget is largely spent on drug and alcohol treatment services, sexual health services, health protection and promoting activities to tackle smoking and obesity and to improve children's health. The Council's allocation for 2020-21 has yet to be announced in detail but a real-terms increase has been assumed in line with SR 2019. The Government has not yet confirmed whether the ring-fence and grant conditions will remain in place but it is expected that they will, until 31 March 2021, at which point it is expected that the funding for Public Health will form part of the revised funding mechanisms for local authorities following the Fair Funding and Business Rates Retention Reviews to be announced in 2020-21.

- **Better Care Fund**

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

The 2020-21 allocation for Derbyshire as a whole has yet to be announced but the National Health Service (NHS) contribution to the Better Care Fund will increase by 3.4% in real terms, in line with the planned additional investment in the NHS. The 2019-20 allocation of £101.477m was split as follows:

	Public
	2019-20
	£m
Tameside and Glossop CCG	2.389
Derby and Derbyshire CCG	54.446
CCG Minimum Contribution	56.835
 CCG Additional Contribution	
Hospital Discharge Support	1.433
	1.433
 DCC Additional Contribution	
ICES Equipment	1.566
Disabled Facilities Grant	6.961
Improved Better Care Fund	31.055
Winter Pressures Grant	3.627
	43.209
	101.477

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

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

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

(d) Council Tax

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

The Council Tax is calculated by dividing the Council's Council Tax requirement 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.

The billing authorities have until 31 January, the statutory deadline, to confirm their taxbase positions, although these are not expected to change. The total taxbase figure for 2020-21 is 251,496.22, based on the number of equivalent Band D properties, a 1.71% increase on the previous year. Individual authority information is shown at Appendix Three.

The additional Council Tax due as a result of the increase in taxbase is £5.603m. This is calculated by multiplying the increase in the number of properties by the Council's Equivalent Band D Council Tax rate in 2019-20. Previous years have seen increases in the taxbase of 1.17%, 1.47% and 1.40%. The Provisional Five Year Financial Plan assumes an increase of 1.50% on the basis of housing growth seen in recent years.

Collection Fund

The collection fund surplus for 2020-21 is estimated at £3.310m, based on draft information from billing authorities. As with the taxbase, billing authorities have until 31 January to confirm in writing their collection fund positions, although they are not expected to change.

The collection fund surpluses and deficits for the individual authorities are shown at Appendix Three.

Council Tax Support

Amber Valley Borough Council (AVBC) has consulted on increasing the level of Council Tax Support received by Council Tax Benefit claimants, by reducing the amount they are expected to contribute from the current level of 8.5%, to zero. The Council does not agree with this proposal and has formally responded to the consultation. AVBC has yet to make a final decision on the 2020-21 scheme. The cost to the Council of AVBC increasing Council Tax Support is likely to be in the region of £0.350m each year.

Referendum Principles

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.

For 2020-21, the Government proposes a 2% threshold for county councils 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%, making 4% in total.

Council Tax Increase

The Council's Five Year Financial Plan, published in September 2019, assumed a freeze in Council Tax for two years from 2020-21 and a 2% increase in Council Tax for two years from 2022-23. At the time it was assumed that the option to raise additional Council Tax income for Adult Social Care would not be available to local authorities in 2020-21.

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 and the continuation of payment of Revenue Support Grant in 2020-21 has helped to keep general Council Tax low whilst helping to fund the rising costs for social care and other vital front-line services. However, it is clear from SR 2019 that Government has a clear and definite expectation that part of the additional pressures in adult care will be funded by levying additional Adult Social Care Precept in 2020-21. Latest information indicates that every County Council will comply with the Government expectation and levy the Adult Social Care Precept.

Pressures across both Children's and Adult Social Care (including the effect of the recently announced increase in the NLW) far outstrip the additional grant offered by the Government. These costs are likely to increase significantly in later years.

Adult Social Care Precept

The Government has stated that "councils will be required to publish a description of their plans, including changing levels of spend on adult social care and other services". This must be signed off by the Chief Finance Officer. Councils complying with the Government expectation to levy the Adult Social Care Precept in 2020-21 must also show how they plan to use this extra money to improve social care. The Government will write to Adult Social Care authorities with further details on the conditions of the scheme in the near future.

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.

The Council's preference is for Government to recognise costs associated with Social Care through the re-distribution of national taxation. However, the clear expectation from Government is that local taxation is also part of the solution. Therefore, it is recommended that the Council accepts the need to levy the Adult Social Care Precept but continues with the commitment to a nil increase on the basic Council Tax.

(e) Price Increases

There will be no increase to departmental budgets for specific price rises, other than for business rates, Coroners' fees and specific software licences, as inflation is expected to remain low over the medium term.

The total impact of price increases is estimated at £0.400m.

Pay Award

The Conservative Manifesto proposed to increase NLW to two thirds of average earnings, currently forecast at £10.50 an hour, by 2024. It has since been announced that for 2020-21 NLW is to increase by 6.21%, from £8.21 to £8.72, in 2020-21. Local authorities are currently negotiating with unions on the offer for 2020-21. The Council's Five Year Financial Plan published in September 2019 assumed a general pay award of 2%. The final offer is still to be agreed, however it appears realistic, at this stage, to assume a general offer of a 2% increase. This equates to £5.403m, which 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 2%, the additional cost will have to be found from within existing budgets.

(f) Corporate Budgets

Contingency Budgets

Pay and Price Inflation - £20.181m

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

- **Independent Sector Fees Increases - £12.000m**

Due to the increase in the NLW each year, there has to be an above inflation increase in the Independent sector care home fees the Council pays, to reflect the additional cost pressures on the providers. For 2020-21, the NLW will increase by 6.21%, from £8.21 to £8.72. This increase is higher than expected and is considerably higher than increases in recent years, which has surprised both the public and private sectors. This amount is to be held in Contingency budgets until negotiations are complete.

- **Pay Award - £5.403m**

A general increase of 2% has been assumed (see section (e) above), however, negotiations are still ongoing.

- **Pension Fund - £2.500m**

This is the estimated increase in pension costs to the Council, as a participating employer in the Derbyshire Pension Fund, arising from the Actuarial Valuation as at 31 March 2019, which requires a 1% increase in employer's contributions.

- **Street Lighting Energy - £0.278m**

Energy consumed by street lighting has fallen year-on-year, as a result of the LED Invest to Save Project. However, the cost of energy has continued to rise. This is an estimate of the overall increase in cost.

The overall Contingency Budget of £26.924m includes the above pay and price inflation elements of £20.181m, departmental service pressures of £7.743m to be held over pending further information, as detailed in Appendix Four, reduced by cross-departmental savings in respect of the upfront payment of pension contributions and the funding of capital expenditure from borrowing, as detailed in Appendix Five.

External Debt Charges and Minimum Revenue Provision - £33.271m

This represents the interest payable on the Council's outstanding debt. The Council has paid off a number of loans, which were used to support the Council's Capital Programme, in recent years and has not undertaken further borrowing. In 2018-19 this provided the opportunity to reduce the ongoing budget by £8.500m, to reflect the reduction in interest charges. A further reduction, of £1.500m, is planned in 2021-22. In 2020-21, the debt charges budget is to be increased by £1.000m, to reflect the October 2019 announcement of a 1% increase in the Public Works Loan Board (PWLb) borrowing rate, which affects the Council's loan repayments.

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

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

ensure that its future annual provision is appropriate. In light of this, one-off reductions to MRP totalling £25m have been planned between 2018-19 and 2021-22, with the base budget profiled to return to its 2017-18 level by 2022-23. In line with the revision to the profile of reductions, approved at Cabinet on 21 November 2019, the MRP base budget will rise by £4.5m in 2020-21. The Council will however continue to review its MRP policy annually to ensure in future years that adequate/prudent provisions are still being made.

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Council is able to reduce net borrowing costs and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. The Council will monitor this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2020-21, with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

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

Risk Management Budget - £0.514m

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 General Reserve. The balance on the budget will be used to support priority services after 2020-21, in particular to meet the cost of further predicted increases in NLW, impacting on Independent sector care home fees.

Interest Receipts - £5.948m

The Bank of England base rate of interest has remained at 0.75% since August 2018. The budget assumes that the Council will continue to earn additional income by utilising a range of risk assessed investment vehicles in order to increase its income from external investments.

(g) Service Pressures

A number of service pressures have been identified by Departments. Details of Departmental pressures identified for 2020-21 are shown at Appendix Four.

Of the ongoing Departmental service pressures of £31.906m, a total of £24.163m will be allocated to Departmental base budgets and a further

£7.743m will be held over in Contingency Budgets, pending further information.

Overall Ongoing Service Pressures of £39.681m include the above Departmental services pressures of £31.906m, Corporate External Debt Charges pressures of £5.500m, referred to in section (f) and pressures against the Corporate Risk Management Budget of £2.275m, also referred to in section (f).

One-off support of £14.816m will be funded from reserves.

(h) Budget Savings Targets

The target savings by the end of 2024-25 are estimated to be £65m, of which £52m have been identified.

Significant consultation and planning timeframes are required to achieve many of these savings. Delays in agreeing proposals could result in overspends by departments, which would then deplete the level of General Reserve held by the Council, decreasing its ability to meet short term, unforeseeable expenditure.

In many cases the proposals will be subject to consultation and equality analysis processes. In including potential cost savings in this report no assumptions have been made as to the outcome of those consultations or the outcome of final decisions which have yet to be made. With regard to the savings proposals which have not yet been considered by Cabinet and, where appropriate, by individual Cabinet Members, the necessary consultation exercises will be undertaken and any equality implications will be assessed before final decisions are made. Throughout the process it will be essential to ensure that the Council continues to meet its statutory and contractual obligations.

Details of identified savings totalling £51.568m over the Five Year Financial Plan (FYFP) are shown at Appendix Five. These identified budget savings comprise £43.568m of identified departmental annual budget savings and £8.000m of cross-departmental annual budget savings over the FYFP.

Overall, there remains a shortfall of identified annual budget savings against the £65.333m budget savings target, over the five years of the FYFP. In headline terms the Council has now identified measures which should help achieve most of the budget gap over the period of the FYFP, although there is a clear challenge to identify the remainder and plan the best approach to achieving those savings over the next few years.

The table below summarises the savings target by department for 2020-21, identified savings and the level of achievement for each department.

	Target £m	New Savings Identified £m	Public Shortfall/ (Over- achievement) £m
Adult Social Care and Health	3.784	1.100	2.684
Children's Services	2.350	2.350	0.000
Economy, Transport and Environment	1.426	1.576	-0.150
Commissioning, Communities and Policy	6.235	6.235	0.000
Total	13.795	11.261	2.534

The shortfall in 2020-21 savings target for Adult Social Care and Health of £2.684m will be met from the General Reserve, as these are a result of the uncertainty over the timing of the savings, not their likelihood of being achieved. This is in agreement with the principles of meeting savings shortfalls with one-off support as agreed in the Revenue Budget Reports from 2017-18 to 2019-20.

Adult Social Care and Health will still be required to achieve the £3.784m savings target for 2020-21 but the use of reserves provides some flexibility to plan and achieve the target in later years. Base budgets will need to be in balance by 1 April 2021.

The Economy, Transport and Environment department has re-profiled its identified savings over the FYFP, although the total remains the same. This has resulted in the over-achievement of the originally allocated 2020-21 savings target by £0.150m.

The savings proposals mark a change from principles adopted for a number of years, with significant protection of the Children's services budget.

(i) Statutory Requirements of the Local Government Act 2003

There is a duty placed on the Director of Finance & ICT, as the Council's statutory Chief Financial Officer, to report to the 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 and 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). Good practice requires the professional advice of the Chief Finance Officer for these two questions, and that they are connected with matters of risk and uncertainty. This report has been drafted with all of these requirements in mind.

- **Estimation Processes**

On the matter of robustness of estimates, there has been no change to the fundamental methods used in the preparation of the budget which ensure that many professional officers 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.

- **Financial Resilience**

The Chartered Institute of Public Finance and Accountancy (CIPFA) has recently developed its Financial Resilience Index which is a comparative analytical tool to support good financial management, providing a common understanding within a council of its financial position. The index illustrates a range of measures associated with financial risk including reserves balances and social care spend as a proportion of the Council's overall budget. The most recent analysis shows that the Council has a history of managing and maintaining its reserves balances efficiently. Overall, the Council performs in the median range when compared to other county councils, demonstrating a well-balanced approach to financial management against a backdrop of significant demand pressures and central government funding cuts.

- **Financial Management Code**

CIPFA has also designed the Financial Management Code, again to support good financial management, as well as demonstrating a local authority's financial sustainability. The Code is based on a series of principles supported by specific standards and statements which are considered necessary to managing its finances over both the short and medium term, managing financial resilience to meet foreseen demands on services and to manage unexpected shocks in its financial circumstances. It is anticipated that local authorities will be required to evidence their performance against the criteria from April 2021, which will help external auditors in forming their value for money opinion as part of the audit of a local authorities' year-end accounts. The Council considers that it is in a strong position when validating its performance against these standards.

- **Spending Review 2020**

The Government's commitment to support additional social care funding of £1bn for each year of the new Government's office is welcome. However, it is not sufficient 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 Local Government Settlement demonstrate the exceptional demand led pressures experienced by local authorities in recent years. The Fair Funding Reviews and Adult Social Care Green Paper urgently need to address deficiencies in social care funding. 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. The Spending Review expected later this year is expected to provide confirmation of funding to local authorities over the medium term.

- **Pressures**

There is a commitment to support budget growth for children's social care to the value of approximately £20m. However, if current trends continue, for example, in the number of children in care, and the Government fails to provide adequate funding to support this, there will be further pressure on budgets in later years. The ability to estimate the value of these pressures or minimise demand is a challenge for the Council but needs clarity over the medium term.

The Council has responded to the threat of Climate Change by the issue of a manifesto and the development of measures to address the manifesto's commitments. Whilst the budget includes a growth figure of £0.200m to help coordinate and plan activity, it is also proposed to set aside over £4m from the Business Rates Pilot gain and plan for increases in capital borrowing to meet the requirements of changes to the vehicle fleet and approaches to help reduce emissions from buildings. Further reports to Cabinet will help set out the steps the Council will take. However, this is an issue that carries a high risk of financial uncertainty over the long term and will require coordinated effort by all public bodies, especially the Government. In the longer term it is hoped that early costs may be offset by future savings in the same way as the Council's successful LED programme for replacement of street lights has done.

- **Role of Audit Committee**

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 is a significant overview of the Council's potential liabilities and is supported by a rigorous set of processes across the organisation. It receives regular reports regarding the procedures and practices in place to ensure that the Council's budget is closely monitored.

Members are provided with more detail of the current budget position, in particular departments' progress against their individual targets, together with details regarding the level of Earmarked Reserves.

- **Reserves**

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

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 were reported to Cabinet on 21 November 2019.

The level of General Reserve available over the next few years is largely dependent on the achievement of the annual budget savings target. There are pressures on demand-led services such as the ageing population, Children's Social Care, the NLW and waste disposal which will also have an impact on the balance if departments overspend. The level of the General Reserve is forecast to be between £12m and £43m over the medium term. Taking account of demand led pressures, any overspends in services over and above those currently projected could see the balance fall as low as £7m on the basis of a further £1m of annual overspends in each year of the forecast. Conversely, the Government may provide further funding for social care, which may reduce the call on the General Reserve to the value of £6m. This provides a worst/best case range of between £7m and £49m. 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 2.2% and 8.2%.

The Council's Five Year Financial Plan 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.

In order to achieve a balanced budget over the medium term, the Council is reliant on the achievement of a programme of budget savings. Progress against the budget savings targets will be closely monitored, however, lead-in times for consultation activity and increased demand on services, such as adult care and children in care demographics, mean that there is a continued risk of not achieving a balanced budget.

There is still a risk of delay in implementation or indeed an inability to progress a particular saving for a variety of reasons. Delay can be relatively straightforward to quantify and in global terms can be expressed by noting that an average one month's delay across all the savings identified for the coming year would require the use of around an additional £1m of General Reserve; as a one-off cost this is manageable within the context of the resources available. The non-achievement of an indicated saving is less manageable and as a consequence Executive Directors have been made aware of the need to bring forward alternative savings, to at least an equal value, should this scenario occur. The Council has also established a Budget Management Earmarked Reserve which is being used to supplement the use of the General Reserve to manage, where appropriate, any delayed savings to services, as detailed earlier in this report. However, this Earmarked Reserve is forecast to be depleted in 2021-22.

Whilst the Council maintains an adequate level of General Reserve, failure to achieve the required level of budget savings, in order to balance the budget, would see the balance of the General Reserve significantly depleted and lead to issues around financial sustainability that would require urgent, radical savings rather than the planned process that minimises the impacts of reductions as far as possible. The table below illustrates the pessimistic forecast of General Reserve balances over the medium term.

2020-21	2021-22	2022-23	2023-24	2024-25
£m	£m	£m	£m	£m
26.880	22.143	15.493	13.843	12.793

Earmarked Reserves are not generally available to the Council for use in its budget and Council Tax setting process. They are required for specific purposes and are a means of smoothing out the costs associated with meeting known or predicted liabilities. These reserves have no specific limit set on them but they should be reasonable for the purpose held and it must be agreed that they are used for the item for which they have been set aside.

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**

Undoubtedly the Council has managed the achievement of a balanced budget in a robust and planned manner over the period of the current downturn in general government support for local authority spending. Since the Revenue Budget 2019-20 was compiled, departments have been reassessing their identified savings, with a view to bridging the savings

shortfall. Cross departmental budget savings proposals have also been made. In headline terms the Council has now identified measures which should help achieve substantially all of the budget gap over the medium term. The timescales are important, the majority of any savings need to be achieved in the period up to 31 March 2023, this reflects the desire by the current administration to have a 0% general Council Tax rise in both 2020-21 and 2021-22, as well as deciding not to take the full increase possible in 2019-20.

Further, there is uncertainty over future funding due to changes the Government is committed to making in funding of councils via retained Business Rates and remaining Government grant funding regimes. At present we have no indication of how these technical changes, alongside the results of the next Comprehensive Spending Review, expected in 2020, will affect the Council's funding position. In the absence of other information, we assume that funding for 2021-22 to the end of the FYFP period continues on the same basis, this assumption being consistent with other similar local authorities. In particular, a balanced budget is prevalent on Improved Better Care Funding being available beyond 2020-21.

(j) Five Year Financial Plan (FYFP)

The Council's FYFP is reviewed and updated at least annually. It was updated and reported to Cabinet on 11 September 2019. The FYFP has been updated and this serves to inform the annual budget setting process. A copy of the FYFP is shown at Appendix Six.

The Government had been committed to introduce a 75% Business Rates Retention Scheme in 2020-21, with an eventual move to 100% retention. As expected, the Government announced in SR 2019 that Business Rates Retention Reform and the Fair Funding Review have been delayed until April 2021.

The FYFP is predicated on the basis that the funding to the Council is in its existing format of 50% Business Rates Retention, as it is difficult to predict the likely impact of the proposed changes to the scheme and the financial impact until further consultation takes place and detailed information is provided by the Government. The FYFP assumes 2% growth year-on-year.

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

- The introduction of 75% and 100% Business Rates Retention is assumed to be fiscally neutral to the Council. There remains a period of consultation between local government and central government to establish a distribution methodology that is fit for purpose, however, local authorities are struggling to set medium term financial plans due to this element of uncertainty.

- The existing allocations of the improved Better Care Fund continue to be paid beyond 2020-21, in line with the Government's intentions.
- There continues to be a consistent rise in business rates growth in the county, however a change in the economic life-cycle or a significant loss of business in the region will impact on the level of business rates income.
- Inflationary increases are managed within existing budgets. The FYFP assumes that inflation will remain at the Government's target of approximately 2% over the medium term.
- A general 2% pay award is assumed for each year of the FYFP. The award for 2019-20 has been agreed. At the time of publication, local government employers were in negotiation with the unions regarding an offer for 2020-21. Any amount over and above 2% will have to be met from within existing budgets.
- NLW increases are assumed to result in independent sector care home fees increasing by no more than £13m in 2021-22 and 2022-23 and £10m thereafter. The 2020-21 increase is estimated to be £12m following the announcement that NLW will increase by 6.21% from April 2021.
- Investment income will remain at 2019-20 levels over the next year, following the UK's planned exit from the European Union on 31 January 2020.

Further significant risks are illustrated below.

Business Rates

The introduction of the Business Rates Retention Scheme in April 2013 has increased the level of financial risk for local authorities as they are now exposed to both the impact of appeals against rate valuations and avoidance of the tax. Whilst some appeals will go in the favour of local authorities, the uncertainty of the outcome and lack of knowledge about the timing of the decision means that councils are forced to accept a significant, unpredictable financial risk, impacting on the availability of funding for services.

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

- The impact on Business Rates income of economic growth rates across the county.
- The district/borough councils' effectiveness in the collection of Council Tax owed.
- Deficits of the collection fund as a result of reduced collection rates for both Council Tax and Business Rates.
- Uncertainty around the level of Business Rates appeals.
- Current economic conditions including inflation levels, interest rates, reduced income from fees and charges.
- The Government's commitment to conducting a fundamental review of Business Rates as a tax, engaging with businesses and local authorities. Presently it is not known how this might affect the Business

Rates Retention system or future Local Government funding arrangements.

Children's Social Care

The Council, along with other local authorities in the country, has expressed concern over the cost pressures associated with the provision of Children's Social Care. Many local authorities, including Derbyshire, and the LGA have urged Government to provide additional funding for the service.

There continues to be increased demand for Children's Social Care in Derbyshire, which is reflected at the national level. More children have had to be placed with external providers rather than in-house foster carers. The number of children in care as a percentage of the child population is below the England national average, however, there is a risk that demand will continue on the same trajectory as that seen in recent years, placing further financial pressure on the service.

The number of children in care nationally has reached a ten year high, rising from 60,900 in 2009, to 78,150 in 2019. In addition to this, there has been a further 139% rise in serious cases at the national level. The level of demand pressures on children's services is unprecedented and is financially unsustainable.

The National Audit Office highlighted in a report published in 2018 that overspends on social care have been the drivers of overall service overspends in single-tier and county councils. Collectively, councils surpassed their Children's Social Care budgets by £714m in 2016-17 in order to protect children at immediate risk of harm, equivalent to 10.4% of budgeted spend for that service. There were overspends in the Council's Young People portfolio in each of the three years from 2016-17. The latest budget monitoring report highlights a projected 2019-20 year-end overspend for Children's Services of £7.1m, before allocation of one-off funding from the Budget Management Earmarked reserve of £1.4m. The service is facing increased demand, including rising numbers of children in care and children in need.

The need for additional support will continue to form part of the sector's lobbying strategy.

Schools

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 High Needs Block is a part of the DSG, which is allocated to local authorities to spend on provision for children and young people with special educational needs and disabilities, from their early years to age

25. For 2019-20, an overspend of around £3m is projected, after the use of earmarked reserves. It is intended to recover this deficit over the life of the Plan. Although High Needs funding has not been announced in full detail for the years beyond 2020-21, the indications are that levels of funding will increase sufficiently to considerably reduce the risk of deficits arising in future years.

- 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.

Adult Social Care

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

Over the last few years the NLW has increased annually by between 4% and 5%. For 2020-21, the increase is 6.21%. This directly impacts on the fees the Council pays to the independent sector. If this level of increase is to continue it will cost the Council an additional £13m each year.

Waste

Landfill tax, landfill site gate fees and contractual payments for the operation of Household Waste Recycling Sites and Waste Transfer Stations are subject to price rises in line with the Retail Price. There are also statutory increases of 3% in the cost per tonne of recycling credits.

The Council and Derby City Council remain engaged in a project to build a New Waste Treatment Facility (NWTF) in Sinfin, Derby, to deal with waste that residents in Derby and Derbyshire do not recycle. The facility, which was due to open in 2017, was being built on the councils' behalf by Resource Recovery Solutions (Derbyshire) Ltd (RRS), which was a partnership between national construction firm Interserve, which was also building the plant, and waste management company Renewi plc. However, the contract with RRS was terminated on 2 August 2019, following the issuing of a legal notice by the banks funding the project.

A new contract has been put in place by the councils to make sure waste that residents cannot recycle or choose not to recycle continues to be dealt with and that recycling centres and waste transfer stations continue to operate. These services will continue to be run by waste management company Renewi UK Services Ltd, under a new two-year contract.

Work is continuing on the facility to determine its condition and capability. This work is also being carried out by Renewi UK Services Ltd and will allow the councils to ascertain what measures need to be in place for the facility to become fully operational.

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

Climate Change

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

(k) Consultation

The Council has, for a number of years, undertaken a variety of consultation exercises, using a range of methods, in the preparation of its annual revenue budget. However, recently as part of the significant budget savings required, the Council has enhanced the value of the consultation exercises by using alternative approaches.

A separate report highlighting consultation activity recently undertaken is also on the agenda for consideration at this meeting.

3 Legal and Human Rights Considerations

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.

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 2020-21 budget are relevant in this respect.

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).

A high level equality analysis has been carried out and is included at Appendix Seven. 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.

4 HR Considerations

The actual scale and detailed composition of job losses involved will not become clear until the necessary consultations are concluded and final decisions are made on individual savings proposals. It is, however, evident that given the level of budget savings identified the scale of workforce re-alignment will be significant. The Council will seek to mitigate the impact of the proposed budget reductions on the Council's workforce through the use of measures such as vacancy control, redeployment, voluntary release, etc. and the further development of an internal jobs market.

The Council has a statutory responsibility to consult with the relevant trade unions when potential redundancy situations arise. At future meetings Cabinet will be asked to approve such consultation, where necessary, as well as reviewing the application of the appropriate HR measures to mitigate the effect of the budget reductions.

5 Equality and Diversity Considerations

An initial Equality Analysis has been carried out in relation to the Council's proposed Revenue Budget Report 2020-21. 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.

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 Seven. 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.

6 Other Considerations

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

7 Background Papers

Spending Round 2019.

Provisional Local Government Finance Settlement 2020-21 – Department for Communities and Local Government.

Initial budget Equality Impact Assessment.

Papers held in Technical Section, Finance & ICT, Room 137, County Hall.

8 Key Decision

Yes.

9 Is it necessary to waive the call-in period?

Not applicable.

10 Officer's Recommendations

That Cabinet recommends to Council that it:

- (i) Notes the details of the Spending Round 2019 and Provisional Local Government Finance Settlement as outlined in sections (b) and (c).
- (ii) Notes the Government's expectations about Council Tax levels for 2020-21 in section (d).
- (iii) Approves the precepts as outlined in section (d) and Appendix Three.
- (iv) Approves that billing authorities are informed of Council Tax levels arising from the budget proposals as outlined in section (d) and Appendix Three.

- (v) Approves the contingency to cover non-standard inflation as outlined in section (f). The contingency to be allocated by the Director of Finance & ICT once non-standard inflation has been agreed.
- (vi) Approves the service pressure items identified in section (g) and Appendix Four.
- (vii) Approves the level and allocation of budget savings as outlined in section (h) and Appendix Five.
- (viii) Notes the Director of Finance & ICT's comments about the robustness of the estimates and adequacy of the reserves as outlined in section (i).
- (ix) Notes the details of the Council's consultation activity as outlined in section (k).
- (x) Approves the Council Tax requirement of £342.663m which is calculated as follows:
- (xi)

	£
Budget Before Pressures and Budget Reductions	524,509,187
Plus Service Pressures – on-going	25,252,320
Plus Adult Social Care Precept	6,653,986
Plus Service Pressures - one-off	14,816,000
Less Budget Reductions	-18,795,000
Increase in Debt Charges	5,500,000
Increase in Risk Management Budget	2,274,928
Net Budget Requirement	560,211,421
Less Top-Up	-94,891,733
Less Business Rates	-20,067,433
Less Revenue Support Grant	-13,737,515
Less New Homes Bonus	-2,325,987
Less General Grant	-61,205,762
Less PFI Grant	-10,503,833
Less Use of Earmarked Reserves	-14,816,000
Balance to be met from Council Tax	342,663,158

- (xii) Authorises the Director of Finance & ICT to allocate cash limits amongst Cabinet portfolios; Executive Directors will then report to Cabinet on the revised service plans for 2020-21.

PETER HANDFORD

Director of Finance & ICT

**Public
Appendix One**

SERVICE	Adjusted Base £	Funding Changes £	Adjusted Base after Funding Changes £	Pay and Price Inflation £	Base Plus Inflation £	Ongoing Pressures £	Adult Social Care Precept	Budget Savings Target £	Base Budget Ongoing £	One off Pressures £	Budget 2020-21 £
Adult Social Care and Health	242,079,438	0	242,079,438	3,023	242,082,461	2,273,320	6,653,986	-3,784,000	247,225,767	7,210,000	254,435,767
Children's Services	96,607,535	0	96,607,535	9,718	96,617,253	14,836,000	0	-2,350,000	109,103,253	5,836,000	114,939,253
Economy, Transport and Environment	77,399,607	0	77,399,607	5,094	77,404,701	0	0	-1,426,000	75,978,701	470,000	76,448,701
Commissioning, Communities and Policy	64,779,150	0	64,779,150	381,729	65,160,879	400,000	0	-6,235,000	59,325,879	300,000	59,625,879
Service Totals	480,865,730	0	480,865,730	399,564	481,265,294	17,509,320	6,653,986	-13,795,000	491,633,600	13,816,000	505,449,600
Plus Contingency	0	0	0	20,181,000	20,181,000	7,743,000	0	-2,000,000	25,924,000	1,000,000	26,924,000
Plus External Debt Charges	27,771,491	0	27,771,491	0	27,771,491	5,500,000	0	0	33,271,491	0	33,271,491
Plus Risk Management Budget	1,239,402	0	1,239,402	0	1,239,402	2,274,928	0	-3,000,000	514,330	0	514,330
Less Interest Receipts	-5,948,000	0	-5,948,000	0	-5,948,000	0	0	0	-5,948,000	0	-5,948,000
Net Budget Requirement	503,928,623	0	503,928,623	20,580,564	524,509,187	33,027,248	6,653,986	-18,795,000	545,395,421	14,816,000	560,211,421
FUNDED BY:											
Council Tax	329,429,566	13,233,592	342,663,158	0	342,663,158	0	0	0	342,663,158	0	342,663,158
Top Up	93,370,422	1,521,311	94,891,733	0	94,891,733	0	0	0	94,891,733	0	94,891,733
Business Rates	19,194,534	872,899	20,067,433	0	20,067,433	0	0	0	20,067,433	0	20,067,433
Revenue Support Grant	13,517,274	220,241	13,737,515	0	13,737,515	0	0	0	13,737,515	0	13,737,515
New Homes Bonus	2,097,996	227,991	2,325,987	0	2,325,987	0	0	0	2,325,987	0	2,325,987
General Grant	35,814,998	25,390,764	61,205,762	0	61,205,762	0	0	0	61,205,762	0	61,205,762
PFI Grant	10,503,833	0	10,503,833	0	10,503,833	0	0	0	10,503,833	0	10,503,833
Use of Earmarked Reserve	0	0	0	0	0	0	0	0	0	14,816,000	14,816,000
	503,928,623	41,466,798	545,395,421	0	545,395,421	0	0	0	545,395,421	14,816,000	560,211,421

Response to Provisional Local Government Finance Settlement



Peter Handford
Director of Finance & ICT

County Hall
Matlock
Derbyshire DE4 3AH

Telephone (01629) 538950
Ask for: Eleanor Scriven
Our ref: ES/SB
Date: 15 January 2020

Local Government Finance Settlement Team
Ministry of Housing, Communities and Local Government
2nd floor, Fry Building
2 Marsham Street
LONDON, SW1P 4DF

Dear Sir/Madam

Provisional Local Government Finance Settlement 2020-21

The Council welcomes the opportunity to respond to the Provisional Local Government Finance Settlement 2020-21, details of which were published on the 20 December 2019. The Council's response is set out below.

Fair Funding

The Council is pleased that the Government continues to recognise that the mechanism for allocating mainstream funding to local authorities is in need of revision, to ensure that the costs of providing services, particularly in respect of social care, are accurately reflected in the distribution methodology. The proposed Local Government Finance Settlement for 2020-21 includes £1.5 billion for adult and children's social care services, including £1 billion of new money. In addition, Councils will have the option to raise up to half a billion pounds more for adult social care, where needed, through additional Council Tax flexibilities.

This response will ease a number of the Council's financial pressures but there still remains a substantial unresolved funding gap between the cost of service demand and the resources available. For example, the increase of 6.21% in the National Living Wage for 2020-21, from £8.21 to £8.72, will lead to an estimated cost pressure of £12m for the Council in 2020-21 in respect of Adult Social Care Independent Sector fees.

As an upper tier authority, the Council is responsible for providing children's social care services, including looked after children, children and families with complex needs, and 'early help' support for families; ensuring the sustainability of our schools provision and providing support for those with special educational needs and disabilities (SEND).

The Council has expressed its concern regarding substantial increases in the cost of children's social care, providing evidence of increased demand in Derbyshire in a letter to the Secretary of State last year. Furthermore, during 2019 the Council has spoken to Derbyshire MPs to reiterate the need for Fair Funding and in July 2019 met with the Secretary of State on this matter. There are particular pressures in relation to providing support to children with SEND and increasing concerns regarding the level of school funding.

Local authorities have been warning that services for children's social care are reaching breaking point, with the LGA estimating that there will be an annual local government funding gap in the region of £8 billion by 2024-25. The CCN commissioned an independent analysis of the funding gap, which concluded that it was higher in the short term (£4.8 billion in 2019–20) than the LGA analysis, but slightly lower in the long term (£6.9 billion in 2024–25). Urgent action is needed to address the children's social care system.

The ADCS Safeguarding Pressures report highlighted that for 2018-19, local authorities had an estimated shortfall of an average of 10.4% in their children's services budget. Set against the 2018-19 published Section 251 budget of £8.03 billion, this would mean an additional £840 million ongoing funding is required, before inflation, simply to maintain current delivery. This is made even more acute given the demand-led nature of these services, which local authorities must fund by law.

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

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

These pressures have resulted in a number of authorities being left with little choice but to divert funding towards crisis intervention activities, rather than preventative services. The national picture is being reflected in Derbyshire, with substantial strain placed on the children's social care budget. There were overspends in the Council's Young People portfolio in each of the three years from 2016-17 and it is currently forecast to overspend by £7.1 million in 2018-19, despite local investment in children's social care services. Increased demand for services in Derbyshire is highlighted below:

- Children subject to a child protection plan – in 2010-11, there were 554 children that were subject to a child protection plan in Derbyshire (a rate of 35 children per 10,000 population). By the end of 2015-16 this had risen to 738, being 48 children per 10,000 population. This is higher than the England rate of 43 per 10,000 population and higher than the rate of the Council's statistical neighbour benchmarking group, of 41 children per 10,000 population. Since 2015-16, numbers have increased, to an all-time high at the end of 2017-18 in excess of 900 children.
- Special Guardianship Orders (SGO) – the number of children subject to an order has increased year-on-year, from 141 in 2012-13 to 370 in 2016-17. The payments to SGO carers and Child Arrangement Order holders is in itself forecast to create a budget pressure in excess of £1 million during 2019-20.
- Children in Care – whilst the numbers of children in care decreased up to 2015-16, there has been a 20% increase in numbers since that time, with an increase of 130 children over a two year period. The cost of placements for children in care is forecast to create a £4 million budget pressure in 2019-20 for the Council.
- Children with additional needs – the number of children in Derbyshire schools with complex educational needs is estimated to have risen by approximately 30% since 2004. The proportion of pupils with statements or Education Health and Care Plans (3%) has increased since 2010-11 and is higher than averages for England and our statistical neighbour group, both of which have remained stable (2.8%). The proportion of pupils with Special Educational Needs (SEN) support has reduced since 2010-11 but at a slower rate than England and our statistical neighbour group.

Critical front-line services continue to feel the financial strain from increased demand and the present short term funding does not sufficiently address this.

It is vital that additional funding for children's social care is allocated to local authorities as part of the Local Government Finance Settlements and Fair Funding Review and the Council is strongly of the view that any additional funding provided must be on-going, to help local authorities plan their budgets over the medium-term. The Council is disappointed that the Government has not provided further details of the Fair Funding Review or Business Rates Retention review. The Government has committed to introduce the 75% rates retention scheme from April 2021. Therefore, there is now less than twelve months before the publication of the Provisional Local Government Finance Settlement 2021-22, which is a challenging timetable to review and finalise the Government's proposals.

The Council awaits the publication of the social care Green Paper, which will now cover proposals for younger adults, as well as support for older people.

Question 1: Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2020-21?

The Council agrees with the proposed methodology as this provides local authorities with the certainty required for 2020-21 in order to facilitate the setting of budgets within the prescribed timeframes.

The Council would request that the Government provides local government with the funding certainty required over the medium term at the earliest opportunity, following the exit of the UK from the European Union (EU). The pressures faced by local authorities in respect of adults and children's social care are now well-versed. Recent analysis by the County Councils Network outlined the financial pressures being faced by councils, with an estimated £6.1bn more each year being required for adult social care by 2025.

Therefore, it is important that a medium-term funding settlement is provided to support local authorities with a financially sustainable solution to support vital social care services.

Question 2: Do you agree with the Government's proposal to eliminate negative RSG?

The Council welcomes the approach to resolving the issue of "negative RSG", which some authorities were again facing in 2020-21, by removing it from the settlement via forgone business rate receipts. The methodology sensibly only affects local authorities who would otherwise have received a negative RSG allocation; with settlement allocations for the remaining local authorities, including the Council, unaffected.

Question 3: Do you agree with the proposed package of council tax referendum principles for 2020-21?

The Council is pleased to see that the Government has again recognised the cost pressures associated with delivering adult social care services by allowing local authorities with adult social care responsibility to raise up to an additional 2% to support service pressures, in addition to the £1 billion of new funding allocated for social care in 2020-21.

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

Question 4: Do you agree with the Government's proposals for the Social Care Grant in 2020-21?

The Council welcomes the Government's decision to provide additional funding for social care. However, the Council would reiterate the point made above in that it fails to address the full cost pressures faced by local authorities and therefore it is imperative that both the Fair Funding Review and the delayed Adult Social Care Green Paper are given priority following the EU Exit to address the cost pressures associated with the delivery of social care.

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

Question 5: Do you agree with the Government's proposals for iBCF in 2020- 21?

The Council is pleased to see that the improved Better Care Fund allocations will carry forward into 2020-21, however, local authorities will be expecting confirmation of iBCF funding beyond 2020-21, as the decision to cease the funding will have significant consequences on local authority budgets which are already burdened by the rising demand for social care services.

Question 6: Do you agree with the Government's proposal to fund the New Homes Bonus in 2020-21 with the planned £900 million from Revenue Support Grant, with additional funding being secured from departmental resources, and to allocate the funds in line with previous years but with no legacy payments?

The New Homes Bonus Scheme (NHB) was intended to encourage local authorities to increase housing growth and reward those authorities accordingly,

with the aim to utilise the funding for local infrastructure to support further housing growth. The reality is that local authorities have, in general, used the funding to support the overall council budget to mitigate funding reductions as a result of austerity measures implemented since 2010.

The Council welcomes the Government decision not to adjust the baseline in 2020-21 to reflect significant housing growth. Adjusting the baseline disproportionately may have penalised some authorities who would have reflected the estimated New Homes Bonus allocations in their medium term financial strategies.

However, the Council is disappointed by the removal of legacy payments on new NHB allocations for 2020-21, which means that the Council's future income from NHB is forecast to decrease by around £0.7m from 2021-22 onwards. The Council would welcome an explanation of the reasoning behind the Government's decision.

It has yet to be demonstrated whether the NHB has had the Government's planned incentive effect and has resulted in significant behavioural change. 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.

The Council would welcome a review of the New Homes Bonus funding as part of the Fair Funding Review and considers that the funding allocated for New Homes Bonus, the £900m top-sliced from RSG at the inception of the Scheme, should be allocated on the basis of need.

Question 7: Do you agree with the Government's proposed approach to paying £81 million Rural Services Delivery Grant in 2020-21 to the upper quartile of local authorities, based on the super-sparsity indicator?

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

However, the Council does not believe that the current distribution methodology treats all areas fairly. It is unfair to continue to exclude county councils where constituent districts receive this funding, as they face budgetary pressure resulting from their rurality, for instance in the service areas of social care and passenger transport, which are both upper tier responsibilities.

Question 8: Do you have any comments on the impact of the proposals for the 2020-21 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide evidence to support your comments.

The Council has long-argued that there is disparity across the country in terms of a local authority's ability to raise Council Tax. Whilst the additional flexibility afforded to local authorities in some recent years in respect of increasing the Council Tax referendum threshold from the previous 2% to 3% has been welcomed, variable amounts of income can be generated in different parts of the country. The Council would expect this inequality to be addressed as part of the Fair Funding Review.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P Handford'.

Peter Handford
Director of Finance & ICT

Council Tax

Taxbase

	Equivalent Band D Properties 2019-20	Equivalent Band D Properties 2020-21	Change %
Amber Valley	39,539.86	39,909.63	0.94
Bolsover	21,982.87	22,169.60	0.85
Chesterfield	29,000.63	29,181.08	0.62
Derbyshire Dales	28,914.13	29,828.68	3.16
Erewash	32,988.80	33,699.90	2.16
High Peak	30,575.00	30,970.00	1.29
North East Derbyshire	30,957.85	31,263.33	0.99
South Derbyshire	33,302.00	34,474.00	3.52
	247,261.14	251,496.22	1.71

Collection Fund

	2019-20 £	2020-21 £
Amber Valley	411,922	570,802
Bolsover	0	-450,631
Chesterfield	-20,135	693,096
Derbyshire Dales	55,932	512,434
Erewash	14,706	541,691
High Peak	490,190	458,170
North East Derbyshire	647,232	397,090
South Derbyshire	733,500	587,200
	2,333,347	3,309,852

Council Tax Amounts

Band	2019-20 £	2020-21 £	General Increase £	ASC Increase £	Total Increase £	Number of Properties
A	881.92	899.56	0.00	17.64	17.64	135,240
B	1,028.91	1,049.49	0.00	20.58	20.58	82,060
C	1,175.89	1,199.41	0.00	23.52	23.52	60,600
D	1,322.88	1,349.34	0.00	26.46	26.46	40,340
E	1,616.85	1,649.19	0.00	32.34	32.34	24,640
F	1,910.83	1,949.05	0.00	38.22	38.22	12,160
G	2,204.80	2,248.90	0.00	44.10	44.10	6,940
H	2,645.76	2,698.68	0.00	52.92	52.92	550
						362,530

Precept Amounts

	Amount Collected £	Collect Fund Surplus/ (Deficit) £	Amount Actually Due £
Amber Valley	53,851,564	570,802	54,422,366
Bolsover	29,914,275	-450,631	29,463,644
Chesterfield	39,375,128	693,096	40,068,224
Derbyshire Dales	40,248,960	512,434	40,761,394
Erewash	45,472,542	541,691	46,014,233
High Peak	41,788,986	458,170	42,247,156
North East Derbyshire	42,184,787	397,090	42,581,877
South Derbyshire	46,517,064	587,200	47,104,264
	339,353,306	3,309,852	342,663,158

Service Pressures

Social Care Contingency – Total £5,000,000 ongoing contingency

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 rising demand for its services in recent years. If this trend continues on the same path, it is likely that there will be increased costs again in 2020-21. In such circumstances, the Head of Paid Service and Director of Finance & ICT will be responsible for making the decision on the allocation of budgets.

Adult Social Care and Health – Total - £8,927,000 ongoing, £2,743,000 ongoing contingency, £7,210,000 one-off

Demographic Growth - £4,500,000 ongoing

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

Winter Pressures - £3,627,000 ongoing

The Government provided £240 million in 2019-20 through a Winter Pressures Grant which was ringfenced for use by local authorities to alleviate winter pressures on the NHS. In 2020-21, this £240 million will not be ringfenced for that purpose and will instead be rolled into the iBCF; allocated using the existing Adult Social Care Relative Needs Formula, as in 2019-20.

Implementation of a New Pathway - £4,210,000 one-off

This funding is required to implement the recommendations of the Newton Europe review. The implementation of the revised pathway is expected to save £21m over the next three years. This is part of a four-year transformation programme that will seek to promote greater independence for older people in Derbyshire.

Transforming Care Programme - £800,000 ongoing

Thirty clients in long stay hospitals will need to be transferred to Social Care provision, as part of the Transforming Care Programme to transfer services from the NHS to the Council.

Learning Disability Short Term Breaks - £543,000 ongoing

As part of the Transforming Care Programme it has been agreed to move forward with a closure programme relating to five NHS funded short break units. This service is to transfer to the Council and discussions are underway with the NHS, which should establish the cost. This amount would be held in

Contingency budgets until the cost is known.

Homes for Older People - £3,000,000 one-off

Due to significant pressures around maintenance within our older persons care homes this bid will support the ongoing maintenance and associated costs attributed to the works required.

Continuing Health Care - £2,200,000 ongoing

Following a review of Continuing Health Care clients using a Continuing Health Care/Joint Funding Matrix to determine the threshold of needs between the NHS and social care, there is expected to be a year-on-year increase in costs. Discussions are underway with the NHS, which should establish the additional cost. This amount would be held in contingency budgets until the cost is known.

Children's Services – Total - £14,836,000 ongoing, £5,836,000 one-off

Social Workers - £1,300,000 ongoing, £1,300,000 one-off

A new structure for social workers has increased the number of established posts. The funding for this new structure was agreed in 2018-19 and is transferring into the base budget of Children's Services over four years. This bid continues with the plan as previously set out in the Five Year Financial Plan.

Child Carer Allowances - £100,000 ongoing

To recognise the value provided by foster carers to the Council, it is proposed that their allowances are increased by inflation from 1 April 2020.

Develop Quality Assurance Practices - £214,000 one-off

Additional capacity is required to support improvement priorities identified as a result of the recent Ofsted inspection. There is a demand to develop and implement effective quality assurance and performance management activities and approaches.

Resources to Implement New Pathway - £108,000 one-off

To provide programme direction and front line service input to assist with work being led by Adult Social Care, required on the life-long disability pathway programme. The goal is to move to a culture where disabled people are encouraged to live as independently as possible and this requires a change in approach.

Leaving Care Services - £498,000 one-off

The duties in relation to care leavers have been extended with support offered up to the age of 25 as required (previously 21) which has resulted in an

increase in care leaver numbers. There are also more care leavers as the number of children in care moving through to care leaving age has increased. This reflects the additional cost of service provision.

Agency Placements - £8,000,000 ongoing

The increase in the number and complexity of children being taken into care has meant that more children have to be placed with external providers rather than in-house provision. This has led to an increase in costs. This is an estimate of the additional cost in 2020-21 of expected placements based on current levels of demand. If trends continue into 2020-21, costs are likely to increase further. This increase in demand is being experienced nationally.

Section 17 and Pre-Placement Expenditure - £1,000,000 one-off

Under Section 17 of the Children's Act, the local authority has a duty "to safeguard and promote the welfare of children in need through promoting the upbringing of children by their families". This includes providing financial assistance to do so. Demand has been rising as a result of an increased number of referrals and increased identification of children that meet the threshold of children in need.

Special Guardianship Orders (SGO) and Child Arrangement Allowances - £336,000 ongoing

The Council provides means tested financial support towards the cost of caring for a child under Special Guardianship or Child Arrangement Orders. The number of children whose carers are in receipt of these payments has been increasing steadily for a number of years. This reflects the additional cost of providing the allowances.

Elective Home Education - £207,000 one-off

There has been a significant increase in the number of young people being electively home educated. The request for funding is to enable the Council to meet its statutory function and to enable the Council to be more proactive at the point that parents indicate they are considering elective home education.

Special Needs Transport - £1,000,000 ongoing, £971,000 one-off

The SEND Home to School Transport budget has faced significant budget pressures for a number of years. Actual numbers and proportion of children with SEN support is increasing year on year, with significant increases in expenditure on children placed in out of county independent provision and young people that are post 16. In addition, Derbyshire special schools have been increasing the number of pupils they take. This reflects the additional cost of service provision.

Special Needs Service - £600,000 ongoing

The demands on the service for the foreseeable future are such that there is no scope to reduce expenditure and meet statutory duties. The pressure bid

is therefore to increase budget to the current level of expenditure.

Child Protection Services - £500,000 ongoing

The number of children subject to a child protection plan in Derbyshire has increased over the last three years and the number of children in care has been increasing. There is a shortfall in funding to current levels of spend and additional funding is required to ensure the service is able to deliver within the expected timeframes and to expected levels.

Legal Costs - £1,100,000 one-off

The number and the complexity of children in care proceedings is increasing. Children's Services' costs continue to increase, most notably in respect of solicitors' fees (incurred either where the Council is sharing/paying costs with another party, or where work cannot be delivered by the in-house legal services team), barristers' fees and the fees payable to the courts at each stage of children in care proceedings.

Future Demand for Services - £3,000,000 ongoing

Demand experienced within Children's Services in recent years is likely to continue and therefore it is likely that costs will continue to increase during 2020-21. This will principally affect the areas of Child Protection Service staffing, placements for looked after and other accommodated children, including complex cases, and children who are electively home educated.

Service Transformation - £438,000 one-off

The Children's Services department is facing unprecedented demand for its services. A recent Ofsted inspection identified a number of areas where Children's Services provision required improvement. As a result, the department has identified a number of areas where there will need to be either a reduction in costs and/or an improvement in service provision. This work will be co-ordinated within the department for a fixed term.

Commissioning, Communities and Policy – Total – £400,000 ongoing, £300,000 one-off

Legal Services Child Care Cases - £300,000 one-off

In the context of a rising number of child care cases, there is an objective of reducing Children's Services' spend on external legal services. Legal Services is intending to introduce a new model of delivery based on core offer in January 2020 and this should over time help to stabilise costs.

ICT Strategy - £200,000 ongoing

The ICT Strategy was approved by Cabinet in July 2018. Included within the ICT Strategy was the need to increase the ICT Budget by £1.000m, to assist

with the delivery of priorities, at a rate of £0.200m each year, over the five year ICT Strategy period.

Climate Change - £200,000 ongoing

The Council published its Climate Change Manifesto in May 2019. Resource is required to ensure the Council can take forward work across the Council and deliver identified priorities.

Economy, Transport and Environment – Total - £470,000 one-off

Ash Dieback - £270,000 one-off

Ash Dieback will lead to the decline and death of the majority of ash trees in Britain. The Countryside Service is to lead a strategic corporate-level response with relevant departments, developing a corporate Ash Dieback Action Plan, initiating a programme of inspection to quantify the scale of the problem on the Council's estate including the surveying, felling and re-planting of trees on Council land. It is considered likely that this funding will turn into a multi-year commitment once evaluation work has been performed.

Elvaston Castle Masterplan - £200,000 one-off

Cabinet approved the Elvaston Castle Masterplan on 20 December 2018, following a public consultation exercise. A business case is being prepared for capital investment to deliver the Masterplan, which requires preliminary studies, assessments and design work to identify the costs, requirements and potential income.

BUDGET SAVINGS PROPOSALS 2020-21

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

Whole life disability pathway - £498,000

This is part of the Council's four-year Better Lives programme that will build on best practice and innovate new ways of working to ensure that the Council's services support and promote greater independence for children and adults living with a disability across the whole county. This will include enabling younger people preparing for adulthood to develop and realise their aspirations and ambitions for adult life.

Older Adult's pathway - £602,000

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

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

Improved efficiency – £230,000

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Disabled Children's Services – £300,000

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

Home to School Transport – £70,000

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

to do so or where there is a statutory responsibility on the parent/carer to take their child to school.

Back office costs – £538,000

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

Youth Council – £15,000

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

Economy, Transport and Environment – Total - £1,576,000

Waste – £230,000

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

Public Transport – £450,000

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

Countryside Service – £400,000

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

Staffing – £258,000

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

b_line – £88,000

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

Budget Challenge - £150,000

Budget challenge across the department to identify additional savings that do not impact on services delivered to the public.

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

Administration and employee savings – £2,081,000

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

Insurance reductions – £350,000

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

Interest receipts – £250,000

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

ICT – £275,000

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

Property Services – £1,893,000

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

Legal services – £375,000

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

Additional income – £278,000

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

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

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

Libraries – £320,000

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

Arts – £208,000

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

Buxton Museum – £70,000

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

Derbyshire Record Office – £60,000

Opening hours and staffing levels will be reviewed.

Trading Standards – £25,000

Further efficiencies will be found from the trading standards budget.

BUDGET SAVINGS PROPOSALS 2021-22

Adult Social Care and Health – Total - £7,607,000

Continuation from 2020-21 Schemes:

Whole life disability pathway and assistive technology - £1,709,000

Older people's pathway and assistive technology - £5,748,000

Review other prevention services - £150,000

Efficiency savings in the welfare benefits service.

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

Continuation from 2020-21 Schemes:

Improved efficiency – £290,000

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

Back office costs – £266,000

Outdoor Education – £130,000

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

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

Waste – £230,000

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

Staff Budgets: Economy & Regeneration – £330,000; Environment - £64,200; Highways – £636,500; Resources & Improvement – £427,300

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

Highway Agency Agreements – £150,000

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

Parking Services – £25,000

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

Digital Derbyshire – £150,000

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

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

Continuation from 2020-21 Schemes:

Administration and employee savings – £832,000

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

Insurance reductions – £200,000

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

Interest receipts – £250,000

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

ICT – £256,000

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

Property Services – £619,000

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

Legal services – £223,000

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

Libraries – £206,000

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

BUDGET SAVINGS PROPOSALS 2022-23

Adult Social Care and Health – Total - £8,727,000

Continuation from 2020-21 Schemes:

Whole life disability pathway and assistive technology - £1,972,000

Older people's pathway and assistive technology - £6,755,000

Children's Services – Total - £786,000

Continuation from 2020-21 Schemes:

Improved efficiency – £143,000

Disabled Children's Services – £300,000

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

Back office costs – £200,000

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

Elvaston Castle and Country Park – £120,000

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

Waste – £100,000

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

Future Highways Model – £2,000,000

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

BUDGET SAVINGS PROPOSALS 2023-24

Adult Social Care and Health – Total - £3,669,000

Continuation from 2020-21 Schemes:

Whole life disability pathway and assistive technology - £1,674,000

Older people's pathway and assistive technology - £1,995,000

Children's Services – Total – £200,000

Continuation from 2020-21 Schemes:

Back office costs – £200,000

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

Continuation from 2022-23 Schemes:

Elvaston Castle and Country Park – £120,000

Waste – £2,100,000

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

BUDGET SAVINGS PROPOSALS 2024-25

Adult Social Care and Health – Total - £187,000

Continuation from 2020-21 Schemes:

Whole life disability pathway and assistive technology - £187,000

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

Continuation from 2022-23 Schemes:

Elvaston Castle and Country Park – £120,000

BUDGET SAVINGS PROPOSALS 2025-26

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

Continuation from 2022-23 Schemes:

Elvaston Castle and Country Park – £120,000

BUDGET SAVINGS PROPOSALS – CROSS DEPARTMENTAL

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

Risk Management Budget - £3,000,000

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

Pension Contributions - £1,000,000

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

Revenue Contribution to Capital - £1,000,000

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

Procurement Strategy

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

FIVE YEAR FINANCIAL PLAN for 2020-21 to 2024-25					
	2020-21	2021-22	2022-23	2023-24	2024-25
	£m	£m	£m	£m	£m
FUNDING					
Business Rates and Government Grants					
Business Rates	20.067	20.408	20.755	21.108	21.467
Top-Up	94.892	96.505	98.146	99.814	101.511
Revenue Support Grant	13.738	13.738	13.738	13.738	13.738
Improved Better Care Fund	34.681	34.681	34.681	34.681	34.681
New Homes Bonus	2.326	1.600	1.600	1.600	1.600
General Grant	26.524	26.524	26.524	26.524	26.524
PFI Grant	10.504	10.504	10.504	10.504	10.504
Sub Total	202.732	203.960	205.948	207.969	210.025
Council Tax	342.663	346.444	358.602	371.190	384.223
Use of Balances	14.816	3.200	2.000	2.000	2.000
TOTAL FUNDING	560.211	553.604	566.550	581.160	596.248
EXPENDITURE:					
Base Budget	503.929	545.395	550.404	564.550	579.160
Price Inflation	0.400	0.000	0.000	0.000	0.000
Pay Award (including Living Wage)	5.403	5.495	5.592	5.751	6.767
Contingency for Price Increases	14.778	13.000	13.000	10.000	10.000
Debt Charges	1.000	-1.500	0.000	0.000	0.000
MRP adjustment	4.500	-3.500	7.000	0.000	0.000
Ongoing Service Pressures (see below)	31.906	7.300	6.000	6.000	5.000
Budget Savings Identified	-18.795	-16.541	-12.726	-4.280	-0.307
Risk Management Budget	2.275	0.755	-1.269	0.000	0.000
	545.396	550.404	568.001	582.021	600.620
One-off Expenditure:					
One-off Revenue Support	13.816	2.000	2.000	2.000	2.000
Contingency for Other One-off Revenue Bids	1.000	0.000	0.000	0.000	0.000
Elections	0.000	1.200	0.000	0.000	0.000
	14.816	3.200	2.000	2.000	2.000
Further Budget Savings Required	0.000	0.000	-3.451	-2.862	-6.372
TOTAL EXPENDITURE	560.211	553.604	566.550	581.160	596.248
Ongoing Base Budget	545.395	550.404	564.550	579.160	594.248

Assumptions	2020-21	2021-22	2022-23	2023-24	2024-25
Price Inflation	1.90%	2.00%	2.00%	2.00%	2.00%
Pay Award	2.00%	2.00%	2.00%	2.00%	2.00%
Business Rate Growth	4.54%	2.00%	2.00%	2.00%	2.00%
Top Up RPI	1.70%	1.70%	1.70%	1.70%	1.70%
Council Tax Increase	2.00%	0.00%	2.00%	2.00%	2.00%
Taxbase Increase	1.71%	1.50%	1.50%	1.50%	1.50%
Taxbase	251,496	255,269	259,098	262,984	266,929
Collection Fund Position (£m)	3.310	2.000	2.000	2.000	2.000
Council Tax (£/Band D)	1,349.34	1,349.34	1,376.32	1,403.85	1,431.93
Ongoing Service Pressures					
Adult Care Demographics	4.500	5.000	5.000	5.000	5.000
Winter Pressures	3.627	0.000	0.000	0.000	0.000
Transforming Care Programme	0.800	0.000	0.000	0.000	0.000
LD Short Term Breaks Contingency	0.543	0.000	0.000	0.000	0.000
Continuing Health Care Contingency	2.200	0.000	0.000	0.000	0.000
Social Care Contingency	5.000	0.000	0.000	0.000	0.000
Child Carer Allowances	0.100	0.000	0.000	0.000	0.000
Agency Placements	8.000	0.000	0.000	0.000	0.000
SGO and Child Arrangement Allowances	0.336	0.000	0.000	0.000	0.000
Special Needs Transport	1.000	0.000	0.000	0.000	0.000
Special Needs Service	0.600	0.000	0.000	0.000	0.000
Child Protection Services	0.500	0.000	0.000	0.000	0.000
Future Demand for Services	3.000	0.000	0.000	0.000	0.000
Pension Fund	0.000	0.000	0.000	1.000	0.000
Children's Services Demographics	0.000	1.000	1.000	0.000	0.000
Children's Social Care Recruitment Remodelling	1.300	1.300	0.000	0.000	0.000
ICT Strategy	0.200	0.000	0.000	0.000	0.000
Climate Change	0.200	0.000	0.000	0.000	0.000
	31.906	7.300	6.000	6.000	5.000
One-Off Pressures					
Implementation of New Pathway	4.210	0.000	0.000	0.000	0.000
HOPS Vacation	3.000	0.000	0.000	0.000	0.000
Social Workers	1.300	0.000	0.000	0.000	0.000
Develop Quality Assurance Practices	0.214	0.000	0.000	0.000	0.000
Resources to Implement New Pathway	0.108	0.000	0.000	0.000	0.000
Leaving Care services	0.498	0.000	0.000	0.000	0.000
S17 and Pre-Placement Expenditure	1.000	0.000	0.000	0.000	0.000
Elective Home Education	0.207	0.000	0.000	0.000	0.000
Special Needs Transport	0.971	0.000	0.000	0.000	0.000
Legal Costs	1.100	0.000	0.000	0.000	0.000
Service Transformation	0.438	0.000	0.000	0.000	0.000
Legal Services Child Care Cases	0.300	0.000	0.000	0.000	0.000
Ash Die-Back	0.270	0.000	0.000	0.000	0.000
Elvaston Castle Master Plan	0.200	0.000	0.000	0.000	0.000
	13.816	0.000	0.000	0.000	0.000



Derbyshire County Council

Equality Impact Analysis Record Form

Derbyshire County Council Revenue Budget 2020/21

Department	ALL
Service Area	ALL
Title of policy/ practice/ service of function	REVENUE BUDGET FOR 2020/21
Chair of Analysis Team	Paul Stone, Assistant Director of Finance (Financial Management)

Stage 1. Prioritising what is being analysed

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

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

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

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

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

Since 2008 the Council's budget has been reduced by Central Government. This means that each year there are fewer resources to fund local services, and the Council must find ways of changing or cutting services and other activities to stay within budget.

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

The budget reduction proposals within the Five Year Plan for 2020/21 vary in scale enormously, between a few million pounds and several thousand pounds. All proposals need to be considered in context with the size and nature of the service, and ideally, with reference to earlier or future proposals. A number of services are due to identify budget reductions over longer than the period covered by this analysis – 2020/21.

Stage 2. The team carrying out the analysis

Name	Area of expertise/ role
(Paul Stone (Chair)	Assistant Director of Finance (Financial Management)
Simon Hobbs	Director of Legal Services
John Cowings	Senior Policy Officer, Equalities
Angela Glithero	Assistant Director, Resources and Improvement, ETE
Julie Vollar	Assistant Director, Commissioning and Performance, Adult Social Care and Health
Karen Gurney	Finance Manager, Children's Services
Don Gibbs	Director, Community Services and Commissioning

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

This analysis will examine:

1. The proposed Revenue Budget for Derbyshire County Council for 2020/21
2. Whether the setting of the budget is likely to affect particular groups of service user, residents and staff, and whether these are likely to have protected characteristics and experience other inequality, in line with the requirements of the Equality Act 2010.
3. The issues and feedback provided by the public from consultation carried out in relation to a proposed budget or budget priorities.
4. It will seek to highlight any concerns over the possible impacts for groups of people and communities in Derbyshire, where these are likely to be negative, adverse or could be deemed to be unfair or discriminatory.

Budget Proposals

The Council's Five Year Financial Plan (FYFP) has identified that the Council will need to make savings of approximately £19 million in 2020/21, with expenditure at £560 million for the financial year. Over the period of the FYFP, savings of approximately £60m are required in order to balance the budget. This considers departmental services pressures over the medium term including pay awards, changes to statutory requirements and demographic growth.

The Budget proposals for 202/021 include:

Adult Social Care & Health

- Demographic Growth - £4.500m
- Independent Sector Fees Increases - £9.000m
- Winter Pressures - £3.627m
- Implementation of New Pathway - £4.210m
- Transforming Care Programme - £0.800m
- Learning Disability – Short Term Breaks - £0.543m
- Homes for Older People Vacation - £3.000m
- Continuing Health Care - £2.200m
-

Total for Adult Social Care & Health = £27.880m

Children's Services

- Social Workers - £2.600m
- Child Carer Allowances - £0.100m
- Develop Quality Assurance Practices - £0.214m
- Resources to Implement New Pathway - £0.108m
- Leaving Care Services - £0.498m

- Agency Placements - £8.000m
- Section 17 and Pre-Placement Expenditure - £1.000m
- Special Guardianship and Child Arrangement Allowances - £0.336m
- Elective Home Education - £0.207m
- Special Needs Transport - £1.971m
- Special Needs Service - £0.600m
- Child Protection Services - £0.500m
- Legal Costs - £1.100m
- Future Demand for Services - £3.000m
- Service Transformation - £0.438m

Total for Children's Services = £20.672m

Commissioning, Communities and Policy (CCP)

- Legal Services Child care Cases - £0.300m
- ICT Strategy - £0.200m
- Climate Change - £0.200m

Total for CCP = £0.700m

Economy, Transport & Environment

- Ash Die-Back £0.270m
- Elvaston Castle Masterplan - £0.200m
- Street Lighting Energy Inflation - £0.278m

Total for ETE = £0.748m

Totals for DCC in 2020/21 = £50.00m

Stage 4. Data and consultation feedback

a. Sources of data and consultation used

Source	Reason for using
Council Budget Report – February 2020	Annual budget which sets spending and income raising levels for the future financial year
Derbyshire County Council Five Year Financial Plan	Strategic document setting the priorities for the Council in relation to its budget and resources
Derbyshire County Council Budget Consultation 2019/20 (conducted in November/ December 2018)	Responses received from the public, residents, service users and staff in relation to the budget priorities and the level of income to be raised through Council Tax for the year being analysed.
Derbyshire performance indicator set	Provide context information in relation to levels and quality of services

Source	Reason for using
Workforce data	Provide context information in relation to staffing levels and pay
Previous Revenue Budget reports and completed EIAs reported to Cabinet	Provide cumulative related information – including whether previous savings made in service area/ department
Equality & Human Rights Commission Guidance – various	Clarifies duties and provides good practice advice in relation to PSED and making decisions
Derbyshire Observatory	Demographic, economic and other data

Stage 5. Analysing the impact or effects

a. What does the data tell you?

Protected Characteristic	Findings
Age	<p>The nature of our functions and areas of responsibility as a County Council mean we provide a number of services to older people, younger people and families. Those services which are intended to provide care and support are provided primarily by two departments– Adult Social Care and Health, and Childrens Services. These departments have the largest total budgets. The other Departments also provide some services which the general public use but which, if altered, can specifically lead to implications for people of different ages, such as public transport, libraries and consumer protection.</p> <p>The proposals for 2020/21 include important proposed changes that will impact upon people on grounds of their age.</p> <p><u>Older people</u></p> <p>The budget proposed for 2020/21 includes a number of possible savings that could further affect older people, carers and families, including:</p> <ul style="list-style-type: none"> • Whole life disability pathway (£0.498m) • Older Adult's pathway (£0.602m) <p>For older people the most obvious proposals which could result in an adverse impact could come from the Older Adult's pathway, the re-organisation of Library services and changes to public transport.</p>

	<p>An EIA was undertaken in relation to the pathway redesign which was completed in July 2019.</p> <p>In relation to the proposed changes to direct care home provision (which is the subject of a separate report to Cabinet on the 23rd January) it is recognised that these proposals potentially affect older and disabled people in particular. These proposed changes will therefore be further examined in a full EIA, subject to the proposals made in the report being approved for consultation.</p> <p>The remaining services which are listed could also result in reduced service, access to service or support for older people being curtailed, and reduce the quality of life for older people in Derbyshire.</p> <p><u>Children and families</u></p> <p>The budget for 2020/21 will include a number of significant savings proposals which could affect children, young people, carers and families including:</p> <ul style="list-style-type: none"> • Placements for children unable to live at home (£0.450m) • Early Help Services (£0.167m) • Donut Creative Arts Centre (£0.081m) • Outdoor education (£0.130m) • Special Educational Needs (£0.039m) • Preventing newborn children being taken into care (£0.143m) • Disabled Children's Services (£0.300m) • Home to School Transport (£0.070m) • Youth Council (£0.015m) <p>The impact of these proposals could affect a range of different families, depending upon the age, disability status and needs of the children, and whether the Council is involved in caring for or safeguarding children. A number of these services have already made significant savings and been re-organised, so there could also be an important cumulative adverse impact on some families.</p> <p>The planned changes to the Libraries service will also impact on families and children, potentially reducing opportunities to use the libraries and to access materials for children of different ages.</p> <p><u>Potential for impact on older workers within the Council</u></p>
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	<p>A number of proposals will include restructuring of staffing teams, although details are not available at this level of the budget.</p> <p>The Council has an older workforce, with an average age of almost 50 years of age. Wherever possible the authority will try to offer workers who might be at risk the opportunity to retire or leave on a voluntary basis. This is subject to age and status restrictions, affordability, through the impact on the budget and pension fund, and the need to retain skills in some areas. This policy has helped to avoid forcibly making workers redundant. Over recent years the number of employees retiring or taking advantage of the voluntary schemes has helped avoid enforced redundancies.</p> <p>The proposals for 2020/21 include a number where restructuring will take place, leading to the potential for workers to face redundancy. This could impact significantly on older workers, especially older female workers.</p>
Disability	<p>The functions and responsibilities of the County Council means we provide important services and support to disabled people, carers and the families of disabled people. Some specialist services are targeted at people with sensory impairments, people experiencing poor mental health, people with a learning disability, and people with dementia. Cuts to these services or changes in the way support is provided can have a significant impact on the lives of these customers, their ability to participate in society, their well-being and life chances. Any changes proposed for non-statutory entitlement to bus travel concessions/ support for travel would be likely to impact adversely on disabled people, since the statutory entitlement rules are largely set by national Government.</p> <p>The budget proposals for 2020/21 include a number of savings proposals which could affect disabled people, adults and children, carers and the families of disabled people, including:</p> <ul style="list-style-type: none"> • Whole life disability pathway (£0.498m) • Older Adult's pathway (£0.602m) • Outdoor education (£0.130m) • Special Educational Needs (£0.039m) • Disabled Children's Services (£0.300m) • Home to School Transport (£0.070m) • Public Transport (£0.450m) • b_line (£0.088m) • Administration and employee savings (£2.081m) • Libraries (£0.320m)

	<ul style="list-style-type: none"> • Arts (£0.208m) • Buxton Museum (£0.070m) • Derbyshire Records Office (£0.060m) <p>In particular the proposals in relation to people with learning disabilities could result in some people who currently use the service receiving a reduced or changed service. This is likely to impact adversely on people who currently rely upon the Council's services or support, and the families/ carers of people with learning disabilities. This particular review will be examining current day-care provision and could lead to some geographical locations being adversely affected, although it could also lead to improved access in others.</p> <p>Savings in relation to public transport have been identified. Further information will need to be reviewed if reductions in demand continue, as this would suggest that older and disabled people could become less mobile and experience further difficulties accessing local services.</p> <p><u>Disabled workers</u></p> <p>The number of employees who have declared a disability makes up around 3% of the Council's total workforce. This has remained relatively unchanged over the last 10 years.</p> <p>Levels of disability vary across departments but are higher in Adult Social Care and Health. Proposals in this department could therefore impact on a disproportionate number of disabled workers. Changes such as relocation, changes to duties and responsibilities, or to terms and conditions, including pay, can also affect disabled employees in a negative way. This can include the disruption which can result from staffing and other changes.</p>
Gender (Sex)	<p>Many of our direct customers are women. They are more likely to feature as carers, as residents of care homes/ user of older person services, user of libraries, benefit from community safety services and protection type services, and as amongst parents needing support.</p> <p>Women make up almost 80% of the total workforce and a similar majority of the many part-time workers we employ. Proposals within this budget include a number to restructure service teams, where women, by nature of the proportion they represent, are likely to be affected to a greater degree.</p> <p>Amongst the proposals, the following are likely to impact on women to a greater extent:</p> <ul style="list-style-type: none"> • Whole life disability pathway (£0.498m)

	<ul style="list-style-type: none"> • Older Adult's pathway (£0.602m) • Administration and employee savings (£2.081m) <p>Women as mothers/ parents could be adversely affected by proposals such as Older women could be affected by the Adult Social Care and Health proposals, having levels of care reduced and other services which enable older people to remain in their own homes.</p> <p><u>Female and male workers</u> With women making up almost 80% of employees, and a similar proportion of part-time workers, proposals which would alter staffing structures, numbers, working hours or duties could adversely affect men and women differently. Whilst staffing reductions might be in proportion to the size of the male or female workforce in the Council, the fact that the authority employs many more women, will mean that women are likely to be affected in greater numbers, and to a greater degree in the case of part-time and lower paid employees .e.g. Libraries.</p>
Gender re-assignment	<p>The incidence of gender re-assignment is rarely monitored but we do know that the number of people to whom this applies is increasing in the UK. This makes it difficult to gain accurate figures for the numbers of residents and people who use our services, who have or are undergoing gender re-assignment. We do know that a small number of services work with people who have this protected characteristic as a target group, such as community safety, to tackle issues such as hate crime, or public health services in relation to well-being or sexual health. As an employer we are becoming increasingly experienced in supporting people who transition,</p> <p>This means that amongst our residents and people who use our services, people with this protected characteristic will be represented and could be additionally affected in some cases.</p> <p>A number of proposals within the budget could potentially have low adverse impact on this group of people including:</p> <ul style="list-style-type: none"> • Administration and employee savings (£2.081m)
Marriage and civil partnership	<p>The public sector duties in relation to marriage and civil partnership seek to ensure that anyone in a civil partnership does not experience less favourable treatment than those who have entered into a marriage.</p>
Pregnancy and maternity	<p>There is much research which has revealed that women who become pregnant can experience discrimination, especially</p>

	<p>in relation to employment, but also because of attitudes towards issues such as breastfeeding.</p> <p>A range of public health commonly work with expectant mothers and new parent households. Changes to these services could have a significant impact on pregnant or expectant mothers/ households where these individuals or families require support or engage with local services.</p> <p>Recent legislative changes have extended the rights of parents to share parental leave. The Council has developed a clear policy for supporting employees who take shared parental leave.</p> <p>Of the proposals within the budget for 2020/21 it is considered that the following could result in an adverse impact on expectant and new mothers or families taking shared parental leave:</p> <ul style="list-style-type: none"> • Preventing newborn children being taken into care (£0.143m) • Libraries (£0.320m)
Race	<p>When compared to the nearby cities of Derby, Nottingham, Sheffield, and Manchester/ Stockport, which are within easy reach of Derbyshire, the county has a lower than average population of people from a BME background. Derbyshire's BME population is spread across a broad range of different racial and ethnic groups, including people from the EU and Eastern Europe, from Black, Chinese and Asian communities. Only one area within Derbyshire has a BME population which represents more than 10% of the total population, the Stenson Fields area on the edge of Derby City but within the administrative area of South Derbyshire. Chesterfield, Long Eaton and Shirebrook are also known to have identifiable communities of BME people.</p> <p>Over the last decade the Council has invested in developing consultation with BME based community and voluntary organisations, establishing the BME Community Forum. This Forum has worked closely in the past with Adult Social Care to improve understanding of the needs of BME customers, and ensure services are culturally sensitive to their needs. This work has also meant that funding has been made available to help develop the capacity of BME community and voluntary sector organisations. During 2019/20 a review of how the Council works with and funds the community and voluntary sector commenced, although any changes to actual funding will commence in 2020/21.</p>

	<p>A number of the proposals within the budget plans for 2020/21 could impact adversely upon BME households, but to a similar degree to non-BME households, and are dependent upon the extent to which those households use or engage currently with services. This includes:</p> <ul style="list-style-type: none"> • Whole life disability pathway (£0.498m) • Older Adult's pathway (£0.602m) • Placements for children unable to live at home (£0.450m) • Early Help Services (£0.167m) • Donut Creative Arts Centre (£0.081m) • Outdoor Education (£0.130m) • Special Educational Needs and Disabilities (£0.039m) • Preventing newborn children being taken into care (£0.143m) • Disabled Children's Services (£0.300m) • Home to School Transport (£0.070m) • Public Transport (£0.450m) • Countryside Service (£0.400m) • Administration and employee savings (£2.081m) • Libraries (£0.320m) <p><u>BME employees</u> Around 3% of the Council's workforce is from a BME community. This rate has only increased very slowly and by a small amount over the last decade. This rate is higher in Adult Social Care and Health, but lower in other departments, reflecting the occupational segregation of our BME workers. Re-structuring proposals in Adult Social Care could affect BME representation, if job cuts were to be made in relation to jobs carried out by BME employees.</p>
Religion and belief including non-belief	<p>Religion and belief, including non-belief, can often mean that people will have different cultural or dietary needs, which as service users, will need to be met or taken regard of. Faith often features as an issue in relation to schooling, school transport, or the services which are provided to people we support or care for, and services which work in communities tackling abuse or exclusion.</p> <p>A small number of the proposals could have an adverse impact upon some people from a religious minority background, including:</p> <ul style="list-style-type: none"> • Home to School Transport (£0.070m) • Administration and employee savings (£2.081m) • Libraries (£0.320m) <p><u>Employees who follow a faith or religion</u></p>

	<p>There are very small number of people from the Muslim, Sikh, Hindu, Jewish and Buddhist communities within the Council's workforce. Most workers have indicated that they are either Christian or have no religion.</p> <p>When considering the likely impact on employees of staffing restructures and other proposals, the issue of religion and belief is unlikely to feature highly, and there is unlikely to be a measurable adverse impact.</p>
Sexual orientation	<p>Although monitoring data is not always available in every walk of life, and there is still evidence that people may not provide this information in every situation, estimates suggest that LGBTQ people to make up between 2 and 5% of the population, and accordingly of people who use our services, and people who rely upon our support based services.</p> <p>This is likely to mean that they will feature amongst all groups of customers but may not self-identify specifically as LGBTQ.</p> <p>Over recent years we have improved the extent to which our services have become aware of the needs that LGBQ people in relation to a number of services or functions of the Council</p> <p>It is likely therefore that proposed savings across most areas of service will also impact on LGBQ people as they would on heterosexual people, and that as a consequence, where the protected characteristic of sexual orientation might require a different or adapted services, that these are also affected by cuts or changes, in some cases in an adverse impact for people who are LGBQ. Issues which are commonly raised include personal safety, support for young people making future life and identity choices, the provision of same sex marriage ceremonies and civil partnership ceremonies, public health including sexual health, mental health support, employment, policy development and how the Council communicates with its LGBTQ communities and residents.</p> <p>A small number of the proposals are believed to have implications for people who are lesbian, gay, bisexual or who identify differently than heterosexual including:</p> <ul style="list-style-type: none"> • Special Educational Needs (£0.039m) • Public Transport (£0.450m) • Administration and employee savings (£2.081m) • Libraries (£0.320m)

	<p><u>LGBTQ employees</u></p> <p>Lesbian gay, bisexual and other non-heterosexual workers LGBQ workers make up around 2% of the workforce, and are represented across the authority, with slightly higher proportions working in Adult Social Care and Health, and lower than average proportions in Economy Transport and Environment.</p> <p>The LGBTQ Employee Network has historically provided useful feedback to the Council over how new or changing policies and service might impact upon or be used/ accessed by 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.</p>
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Non-statutory

<p>Socio-economic and social mobility</p>	<p>Derbyshire has a high variation between households who are affluent and those which experience deprivation or socio-economic disadvantage. Many services provided by the Council are designed to meet people with fewer resources, people who may experience poorer health, or have lower life chances. Accordingly, for many of our customers, deprivation or disadvantage will be a key determining factor which accounts for access and consumption.</p> <p>Most of the proposals in the budget will exercise a potential adverse impact on those who have fewest resources, or who are least able to cope when services are reduced or removed.</p> <p>The following proposals are expected to exercise a significant possible adverse impact of people with fewer resources, or living in deprived communities, including:</p> <ul style="list-style-type: none"> • Savings from changes to Learning Disability Services, and services which ensure that care and support is available to older and vulnerable people. This could also include how such savings impact on carers. • Changes to charging policies and eligibility for services • Proposed savings in relation to public transport, resulting in greater isolation, removing access to work, local services and leisure opportunities including libraries, and further aid the decline of small town high streets and shopping centres. <p>Social mobility is determined though a number of factors, many of which are beyond the control, but not necessarily</p>
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	<p>the influence, of the County Council. The state of the national and local economy exercises significant influence over whether individuals or households are able to improve their standard of living, and achieve a better life for themselves, accessing choice and control which was previously denied or out of reach, or by gaining skills and resources to change things. In Derbyshire those with least social mobility can be found in our deprived communities and neighbourhoods, and amongst a number of protected characteristic groups, especially disabled people, and women. The proposed savings in the budget for 2020/21 could further limit some aspects of social mobility. This will include savings in relation to public transport, support to families and children, and changes to older and disabled people's care and other services. That said, the Council continues to invest its energies in attracting and supporting local, businesses and jobs, which if successful provides a key lever for people to access social mobility opportunities, and generating additional opportunities. Importantly, new jobs need to get to local people from deprived communities and groups, or part of the potential benefit is lost, and social mobility cannot be improved.</p> <p>The Council employs people from across Derbyshire, including many workers who live in poorer and deprived communities. Additionally many such workers will work in the same or a nearby community to that they live in. Reductions in jobs in such localities, albeit small in number, can result in a negative impact in those same communities and reduce opportunities for social mobility.</p>
Rural	<p>The Council provides a number of services which may be delivered differently or may be more costly to deliver in its rural areas. The county's market towns often have "branch" type offices of local services, where teams of staff are based and work in the community and surrounding rural areas. Additionally, some services, such as the financial support for public transport, may be concentrated into supporting services which specifically serve rural areas, to ensure these areas have services and are accessible.</p> <p>Proposals which could lead to a reduction or the removal of services in the county's rural areas can have a large negative impact upon the sustainability and resilience of rural communities, and cause significant difficulties for poorer or less mobile residents.</p> <ul style="list-style-type: none"> • Outdoor education (£0.130m) • Disabled Children's Services (£0.300m) • Home to School Transport (£0.070m)

	<ul style="list-style-type: none"> • Public Transport (£0.450m) • b_line - £0.088m) • Libraries (£0.320m) • Arts (£0.208m) <p>The Council employs people from across Derbyshire, including many people who live in its rural areas. The extent to which job losses amongst workers will impact on rural communities is un-researched.</p>
Other groups of people and businesses	<p><u>Businesses in Derbyshire</u></p> <p>A number of the proposals could affect businesses which provide services to the Council. For example, where the Council is proposing to make savings in relation to purchased goods and services, where the maintenance of buildings and assets will be affected, and in relation to opportunities to tender or bid for contracts and commissioned services, changes to frontline and back office services can lead to external businesses and other providers being adversely affected. This could also be the case where the Council proposes to move out of buildings in town centres and communities, leaving them blighted as the range of local services declines.</p> <p>This could have a negative impact on the local economy during a difficult economic outlook, and the uncertainty of Brexit and the continued decline of the high street. How expenditure takers place in relation to regional and local economic development support is also of relevance. Including the priorities and eligibility criteria fixed for businesses seeking to access help and support. The Council's relative success in attracting investment into Markham Vale does not necessarily benefit businesses in other areas of Derbyshire.</p> <p><u>Public and private partners</u></p> <p>A number of the proposals could lead to changes in procurement and commissioning arrangements, or affect the Council's capacity to work with public and other partners, including:</p> <ul style="list-style-type: none"> • Whole life disability pathway (£0.498m) • Older Adult's pathway (£0.602m) • Placements for children unable to live at home (£0.450m) • Early Help Services (£0.167m) • Home to School Transport (£0.070m) • Public Transport (£0.450m)

	<ul style="list-style-type: none"> • Countryside Service (£0.400m) • ICT (£0.275m) • Arts (£0.208m) <p>In a number of the proposals (which have become more detailed and are now being consulted upon) assumptions have been included which expect service reductions or re-organisation to be aided or mitigated by services from the community and voluntary sector, or because schools are being expected to carry out functions or provide advice and support instead. There are few signs in these reports which establishes that the sector can do all of this, nor are there indications that funding will be increase to this sector to enable them to develop the capacity or resources to do so.</p>
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- b. What does customer feedback, complaints or discussions with stakeholder groups tell you about the impact of the policy, practice, service or function on the protected characteristic groups?

The consultation completed asked the public a small number of questions and used the Council Plan priorities as the basis for priority area expenditure. As some distinct communities are not easily visible or represented within these priorities, this makes analysis of the consultation responses more difficult to interpret in relation to the 9 protected characteristic groups.

<i>Protected Group</i>	<i>Findings</i>
Age	When the public was asked which priorities it supported, a number of those selected support looking after older people (this being in the top three of priorities requested), and providing a positive start in life for children. This perhaps also reflects the work of our two largest spending departments Adult Social Care and Health and Children's Services. The average age of respondents was 53 years.
Disability	<p>The recent public consultation asked those taking part to indicate if they have a disability, so it is possible to review feedback in relation to people who have a disability and those who indicated they did not. Of those who took part 15% of respondents indicated they had a disability, slightly lower than as a percentage of the adult population with a disability or long-term illness (the definition used within the Census).</p> <p>No specific questions were asked in relation to mental health so it difficult to tell from the consultation whether the public would see investing in mental health services as a distinct priority. It could be expected that the strong support for expenditure which supports and encourages healthy</p>

	lifestyles will impact positively on some areas of disability, including mental health.
Gender (Sex)	<p>A higher proportion of those who took part were female (58%) rather than male (42%).</p> <p>This might be expected since some of the Council services are likely to have direct contact or impact on women as mothers/ parents, older people, carers and users of services such as our libraries.</p>
Gender reassignment	<p>People who have or are undergoing gender re-assignment will feature amongst the population of Derbyshire who had opportunities to participate, and may well feature amongst those who have responded.</p> <p>It is not possible to identify specific impacts on the basis of gender re-assignment from the consultation which has been carried out.</p>
Marriage and civil partnership	<p>Those participating were not asked to indicate if they had this protected characteristic. This is not believed to have been a factor which would significantly determine impact and as such opinion within the budget consultation.</p> <p>However, amongst the support for specific priorities, there was support for investing in services which support families and children, and keeping children safeguarded.</p>
Pregnancy and maternity	<p>Those participating were not asked to indicate if they had this protected characteristic.</p> <p>There was support amongst those who took part for services for families and children, and for work which supports healthy lifestyles, both of which are likely to be specifically relevant to expectant parents and newly born children.</p>
Race	<p>Those participating were not asked to indicate if they had this protected characteristic.</p> <p>From the responses received it is not possible to identify specific views from our BME communities in relation to the budget consultation.</p> <p>Historically regular consultation with BME community based organisations has highlighted the importance of social care and family based services, but also services such as local libraries and the arts, in recognition that equal access to services and acknowledging the diversity of our communities is important to racial and probably other communities.</p>
Religion and belief including non-belief	Those participating were not asked to indicate if they had this protected characteristic.

	From the responses received it is not possible to identify specific views from our religious minority communities in relation to the budget consultation.
Sexual orientation	<p>Those participating were not asked to indicate if they had this protected characteristic.</p> <p>From the responses received it is not possible to identify specific views from people who are LGBTQ in relation to the budget consultation. From previous consultations with organisations representing LGBTQ people we do know that investment in community safety and public health services can feature as a priority with LGBTQ people, although they are just as likely to be supportive of expenditure on looking after older people, support for younger people and issues such as jobs and the economy, the environment, road and transport and tourism and the visitor economy as non LGBTQ people.</p>

Non-statutory

Socio-economic	<p>Those participating were not asked to indicate if they had this protected characteristic.</p> <p>A total of 21% of respondents supported help for vulnerable adults and 12% in economic regeneration. Those who support expenditure on looking after older and vulnerable people may also be highly represented amongst respondents from disadvantaged communities, since these services can be more important to poorer older people. It should also be recognised that many people with disabilities, including those with learning disabilities are likely to have lower incomes and more likely to experience economic disadvantage, so the support for learning disability services if translated into investment, can benefit people in our poorer and disadvantaged communities.</p>
Rural	<p>From the consultation responses it is possible to identify the proportion of respondents who supported investment in improving access to rural services, those who supported investment into the environment and those supporting road maintenance and repairs expenditure (although this does mean all supporters were rurally based).</p> <p>Some 8% of respondents supported rural based expenditure, 42% supported investment in roads, 17% in the environment, and 10% in countryside services, much of which benefits the Peak District and Derbyshire's more rural areas.</p>

- c. Are there any other groups of people who may experience an adverse impact because of the proposals to change a policy or service who are not listed above?

The Council spends a significant amount of its budget buying, procuring and commissioning services from local businesses, charities, partners and other organisations based in Derbyshire and elsewhere.

Proposals which seek to alter whether a service is purchased in this way, perhaps by bringing a service in-house, or by placing a service out within a tendering process, can result in negative or positive impacts for these organisations. Where the amount we have to spend with other companies or organisations is reduced, this can lead to unintended consequences for them, reducing income, affecting their futures and leading to reductions in the number of people they employ.

Increasingly services are identifying a role for the community and voluntary sector within their proposals that involve these organisations and volunteers directly delivering some services. To be able to do this successfully, services need to be clear about whether this capacity already exists or whether they will need to help- develop this, and on the time and levels of resources that would be required.

Within the responses received to spending priorities it is clear that motorists have featured amongst those who took part. One of the highest levels of support was for expenditure on roads maintenance/ repair. This level of support has been repeated each time consultation has taken place in relation to the budget or Council priorities. This type of expenditure is universally important. Support for social care services has also featured highly over repeated consultations in recent years.

d. Gaps in data

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

Gaps in data	Action to deal with this
Data in relation to the protected characteristics of race and ethnicity, religion and belief including non-belief, marriage and civil partnership, pregnancy and maternity, sexual orientation and	Review how data can be improved before next year's budget analysis, including by designing in further ways to engage with communities and groups over budget proposals.

gender re-assignment in relation to customer and consultation data.	
Consultation feedback disaggregated by protected characteristics of race and ethnicity, religion and belief, sexual orientation, and gender re-assignment status.	The ONS has been exploring how to expand and develop questions and monitoring for the 2021 Census and other data collection. If this leads to improved data in relation to the protected characteristics, then it is more likely that public bodies will also extend to carry out such monitoring, as it becomes capable of comparison, and more regular.

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

<p>It is important that departments engage genuinely in consultation with residents, people who use our services, partners and staff, in case they have ideas or suggestions which could help reduce or avoid adverse impacts for the people of Derbyshire or specific groups of service users.</p> <p>This could be alternative ways of delivering the proposed service, seeking out other sources of funding, or the improved management of performance so that more can be gained for less, avoiding wastage or overcharging.</p> <p>The process is intended not to be fixed, and the authority is required to consider ideas which might mitigate against adverse outcomes. In some cases it may be possible to identify other resources, but this may also mean that other services will need to be cut or reduced instead.</p> <p>In terms of mitigating against adverse impacts arising out of these budget proposals, it is expected that each proposal will be covered by a detailed equality impact analysis and that these should, having identified in more detail, the nature of any impact, will identify and outline the proposed measures that will be taken to mitigate against unwanted and adverse impacts.</p>
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Stage 7. Do stakeholders agree with your findings and proposed response?

<p>Consultation carried out with the public and other stakeholders did not at this stage cover specific proposals.</p> <p>As proposals are worked up and made subject to consultation, more detailed and direct or targeted consultations will take place to ensure more detailed information is obtained to inform each EIA and report to Cabinet/ Council.</p>
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Stage 8. Main conclusions

The budget proposals for 2020/21 will impact much more directly on frontline services than earlier budgets and mean significant changes to Council services affecting many more people than in earlier years of austerity savings. The savings identified are likely to have the most direct adverse impact on older, younger and disabled people, reducing levels of service and support, especially for those with lower and medium levels of need. The proposals will also see further movement towards a position of providing statutory services and support, in which services respond or intervene to avoid safeguarding and other risks.

The areas identified within the Five Year Plan for savings in 2020/ 21 will mean a likely adverse impact for:

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

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

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

The detailed proposals will need to be subject to a more localised and focused equality impact analysis, to ensure that the detailed proposals are properly assessed, and opportunities for mitigation identified.

Stage 9. Objectives setting/ implementation

Objective	Planned action	Who	When	How will this be monitored?
Ensuring fair decision-making, including when deciding upon detailed proposals to meet budget requirements	All detailed proposals requiring formal decision to be accompanied by a detailed equality impact analysis	All departments	As proposals made and considered	Monitoring exercise in April 2020
Ensure that affected groups and communities will have a full opportunity to consider and be consulted upon detailed proposals to aid budget implementation	All detailed proposals requiring formal decision to be accompanied by a detailed and appropriate consultation, including by consulting with groups identified as likely to experience impact.	All departments	As proposals made and prior to formal decision-making process	Monitoring exercise in April 2020
Ensure that proposals affecting employees are made available for consultation	In addition to formal consultation under policies in relation to redeployment or redundancy, proposals affecting employees are subject to consultation with affected staff and the Trade Unions	All departments	Before being finalised	Through Trade Union and management meetings
Improve participation in budget consultation	Prior to the 2021/22 budget review and revise, as necessary, the methods for consulting over the proposed budget, including by asking differently/ focusing on actual budget choices rather than Council Plan priorities	Led by Finance with department support	2020	Analysis of who takes part Redesign of consultation and more use of focus groups and community groups
Improve the focus of consultation to gain better information.	Alter the approach and design of consultation on the budget to focus on likely areas where there will be proposed savings	Led by Policy and Research and Legal Services	2020	Redesign of consultation content

**Public
Appendix Seven**

Improve post implementation monitoring of impact	<p>Departments to carry out post implementation monitoring and use to feed into future decisions</p> <p>Development of post implementation customer surveys/ consultation.</p>	<p>Improvement and Scrutiny</p> <p>Policy and Research/ Departments</p>	2020	I & S review of how agreed proposals implemented and monitored.
Continue to identify opportunities to improve customer and service user data to aid future analysis.	<p>Continue to develop customer segmentation, service user, and customer satisfaction and performance data.</p> <p>Review equality monitoring in light of changes to national monitoring introduced in the 2021 Census, to better enable comparison between demographic and customer data to take place.</p>	<p>Departments</p> <p>Policy & Research</p> <p>Human Resources</p>	2022	Evidence of improved data and understanding of impact and ability to complete cumulative impact analysis/ monitoring.

Stage 10. Monitoring and review/ mainstreaming into business plans

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

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

Stage 11. Agreeing and publishing the completed analysis

Completed analysis approved by _____ on _____

Where and when published?

With report recommending adoption of budget.

Decision-making processes

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

Attached to report (title):

Date of report: 14 January 2020.

Author of report: Senior Policy officer, Equalities

Audience for report e.g. Cabinet/ date: 23 January 2020.

Web location of report:

Outcome from report being considered

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

Updated by:

Date: