



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

3 December 2024

Joint Report of the Director of Finance and Managing Director

**Performance Monitoring and Budget Monitoring/Forecast Outturn
2024-25 as at Quarter 2 (30 September 2024)**

1. Purpose

- 1.1 To provide Members with an update of Council Plan performance and the Revenue Budget/forecast outturn for 2024-25, as at 30 September 2024 (Quarter 2). The recommendations in this report are subject to approval by Cabinet on 5 December 2024.

2. Information and Analysis

- 2.1 This report provides information on performance against the Council Plan priorities and financial performance against the 2024-25 Revenue Budget and savings plan.
- 2.2 As at Quarter 2, the Council is forecasting a net overspend of £28.104m (£20.163m at Quarter 1) against the approved Revenue Budget for 2024-25. Savings delivery is on track in most areas but continuing demand and cost pressures in Adult's and Children's Social Care services are resulting in forecast expenditure being significantly in excess of budget.

- 2.3 The forecast overspend has increased significantly since Quarter 1. This is mainly due to additional forecast expenditure on Placements in Children's Social Care, and expenditure on Special Educational Needs (SEN) and Home to School Transport is increasing as a result of continued growth in numbers of Education Health and Care Plans (EHCPs).
- 2.4 As at Quarter 2, progress against the 33 Strategic Objectives outlined in the 2024-25 Council Plan shows that 1 (3%) has been completed, 17 (52%) have good progress 13 require review (39%) and 2 (6%) require action.

Performance Report

- 2.5 The Council Plan sets out the direction of the Council and was refreshed for 2024-25 with a Base Plan of 33 Strategic Objectives identified. The Quarter 2 performance report is included at **Appendix 2**.
- 2.6 A summary of the progress of the 33 Strategic Objectives and details of the associated measures are included in the performance report, with brief narrative of any specific issues.
- 2.7 Key achievements during Quarter 2
- The Council achieved a "good" rating by the Care Quality Commission (CQC) following a recent inspection of the Council's delivery of its statutory duties for Adult Social Care under part 1 of the Care Act. The CQC confirmed several areas for improvement which are incorporated in the department's improvement plan.
 - Work to increase the number of special school places has led to an increase of 135 places since the start of the new academic year in September 2024 with a plan to increase by another 140 next academic year.
 - Since September 2024, the redesign of the Inclusion Support Services has led to every school in Derbyshire having an allocated Inclusion Support Advisory Teacher who will be supporting each school to develop inclusive capacity linked specifically to the needs of the school and their community. Every Derbyshire school will have, on average, 22 days of this specialist and focused development support. The network and development days for the council's Special Educational Needs and/or Disabilities Co-ordinators (SENDCos) have regular attendance from over 300 SENDCos across the county.

- The new Education Health and Care hub, accessed by all partners and parents and carers, was launched in September 2024 and supports engagement, contribution and collaboration on Education, Health and Care assessments, plans and reviews, to increase efficiency and transparency as well as to improve communications throughout the SEND system.
- The Mind of My Own participation app continues to be embedded to gain the voice of children, young people and families across all of Children's Services, with 94% of young people who submitted feedback statements in September feeling positive about where they lived.
- Since Derbyshire joined the D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) Foster for East Midlands recruitment there has been a total of 232 potential enquiries, and there are currently 35 active fostering assessments taking place, 9 of which are for carers within Derbyshire. It is hoped that the enquiries for fostering within Derbyshire will continue to increase, as the Council continues to drive recruitment across Derbyshire and increase the number of Council foster carers.
- The Council is continuing to meet strong demand for stop smoking, weight management and physical activity services delivered by Live Life Better Derbyshire during the quarter, with 2,452 people completing a Health and Wellbeing MOT.
- Good progress continues to be made in enhancing the efficiency of the council's property holdings: 93% of 626 asset plans have been completed on the accelerated asset plan programme, which reflects an asset plan per site. The programme has been accelerated by 1 year. 44% of asset plan outcomes have been delivered, reducing running costs by £0.352m per year, and generating £10.5m capital receipts during 2024/25.
- The Green entrepreneurs fund has been a huge success with £1.98m spent of the £2m allocation, and the scheme has now closed to new applications. The scheme was set up to help businesses, organisations and individuals interested in developing skills in the green economy and investing in green energy and carbon reduction schemes. Grant recipients are now being encouraged to develop future opportunities, and the outcomes from the fund are being used to support a funding request for a second scheme.

- As part of the Bus Services improvement Programme, traffic signal priority for late running buses commenced in Alfreton and Chesterfield this quarter. Three further highway schemes were undertaken to assist with pinch points affecting buses on the network. Marketing campaigns for new services and enhancements, plus targeted campaigns for commuters, young people and concessionary fares passengers were undertaken resulting in a 22% increase in bus trips being undertaken.
- A total of 558,460 trees have been planted in Derbyshire towards the Million Trees initiative.
- The Derbyshire Business Start Up support and grant scheme has so far had 1,385 enrolments at the end of September through the life of the scheme and is being funded through the UK Shared Prosperity Fund (UKSPF) as well as the original Business Rates Retention Pilot. The programme is on track to achieve the targets set against the individual districts and boroughs UKSPF targets. This is however reliant on the businesses claiming their full grant.

2.8 Key Challenges During Quarter 2












- 2.9 There are three Strategic Objectives (SO-21, SO-20 and SO-27) which are rated as 'requiring action' that are worthy of note that are within Children's Services and reflect the complexity of the challenges being addressed, as well as the impact of increased service demand, pressures on budgets and capacity. Actions planned or undertaken to address performance, where required, are set out in the performance report.
- 2.10 The key areas for action relate to effective strategic partnerships (SO-21) and driving system/service improvements to better support children with special educational needs and disabilities (SEND) (SO-21). The Local Area Partnership SEND inspection that took place in September 2024 highlighted that substantial improvements were needed across the partnership, and a strategic approach will be taken to address these issues through a priority action plan. The concerns highlighted through the inspection are areas the council was already working on and it is agreed require improvement at greater pace for change. Investment has been utilised in employing more specialist staff, improving efficiency around assessments and creating more special needs school places, however there is much more work to be done.

- 2.11 The delivery of the Children's Services Financial Strategy is also rated as requiring action (SO-27). Whilst a collective £7.85m of savings proposals are either delivered, or on track with no risk, a further £4.7m are at risk or at significant risk of delay, relating mostly to the savings objectives for Home to School transport and contracted services. Alternative savings will be found from the relevant departments to replace the unachievable savings identified for Home to School transport.












Revenue Budget Forecast Outturn 2024-25

- 2.12 As at Quarter 2, the Council is forecasting a net overspend of £28.104m (£20.163m at Quarter 1) against the approved Revenue Budget for 2024-25. Savings delivery is on track in most areas but continuing demand and cost pressures in Adult's and Children's Social Care services are resulting in forecast expenditure being significantly in excess of budget.
- 2.13 The forecast overspend has increased significantly since Quarter1. This is mainly due to additional forecast expenditure on Placements in Children's Social Care, and expenditure on Special Educational Needs (SEN) and Home to School Transport is increasing as a result of continued growth in numbers of Education Health and Care Plans (EHCPs). A summary of financial performance for each portfolio area is included below and in more detail in **Appendices 3 to 10**.

Forecast Outturn for 2024-25 as at 30th September 2024 (Quarter 2)

| Budget Area | Net Budget | Forecast | Variation | |
|---|----------------|----------------|---------------|---|
| | £m | £m | £m | |
| Adult Care | 301.044 | 326.112 | 25.068 |  |
| Childrens Services and Safeguarding and Education | 164.768 | 186.921 | 22.153 |  |
| Clean Growth and Regeneration | 0.959 | 0.607 | (0.352) |  |
| Corporate Services and Budget | 71.694 | 72.474 | 0.780 |  |
| Health and Communities | 10.445 | 9.900 | (0.545) |  |
| Highways and Transport | 59.459 | 57.816 | (1.643) |  |
| Infrastructure and Environment | 50.735 | 50.975 | 0.240 |  |
| Strategic Leadership, Culture, Tourism and Climate Change | 10.318 | 9.998 | (0.320) |  |
| Portfolio Total | 669.422 | 714.803 | 45.381 |  |
| Corporate Budgets | 71.556 | 54.279 | (17.277) |  |
| TOTAL NET BUDGET | 740.978 | 769.082 | 28.104 |  |

Movement in Forecast Outturn 2024-25 Quarter 1 to Quarter 2

| | Variation at Q1 | Variation at Q2 | Movement | |
|---|-----------------|-----------------|--------------|---|
| | £m | £m | £m | £m |
| Adult Care | 24.038 | 25.068 | 1.030 |  |
| Childrens Services and Safeguarding and Education | 13.285 | 22.153 | 8.868 |  |
| Clean Growth and Regeneration | (0.283) | (0.352) | (0.069) |  |
| Corporate Services and Budget | 1.511 | 0.780 | (0.731) |  |
| Health and Communities | (0.400) | (0.545) | (0.145) |  |
| Highways and Transport | (0.770) | (1.643) | (0.873) |  |
| Infrastructure and Environment | (0.116) | 0.240 | 0.356 |  |
| Strategic Leadership, Culture, Tourism and Climate Change | (0.214) | (0.320) | (0.106) |  |
| Portfolio Total | 37.051 | 45.381 | 8.330 |  |
| Corporate Budgets | (16.888) | (17.277) | (0.389) |  |
| TOTAL NET BUDGET | 20.163 | 28.104 | 7.941 |  |

2.14 There is a significant forecast overspend of £25.068m on the Adult Care portfolio. This is due mainly to expenditure on care packages in excess of budget because of increased cost and demand, one-off grant funding no longer being available, and shortfalls on the delivery of some efficiencies. The overspend is being partially mitigated by underspends on block contracts, day care services and direct home care.

- 2.15 The Children's Services and Safeguarding and Education portfolio is also forecasting a significant overspend of £22.153m. This is after the allocation of a £10m contingency budget, and reflects a significant increase in the forecast overspend compared to Quarter 1. The forecast overspend on placement costs has increased due to revisions to expected move dates for children changing placements. Changes to children's care arrangements must be made at their pace and taking account of changing circumstances. This, coupled with a lack of suitable foster care placements internally and externally, is resulting in continued use of high cost residential placements. As at the end of September 2024, there were 1,034 children in care, of which 49% were in external placement. £14.7m of the overspend relates to external residential placements and £3.3m to semi-independent living placements, due to numbers of children in these placements being significantly greater than afforded by the budget. Pressures also continue to increase due to high demand for Education Health and Care Plans (EHCPs), which results in an increasing number of children being eligible for funded home to school transport.
- 2.16 There is a forecast overspend of £0.780m on the Corporate Services and Budget portfolio due to a structural budget deficit in Property and property running costs exceeding budgets due to legacy budget issues. Energy expenditure forecasts are now lower than reported at Q1 which has reduced the overspend compared to Q1.
- 2.17 The forecast outturn for Infrastructure and Environment has moved from a small underspend position at Q1 to a forecast overspend of £0.240m. This is mostly due to increased waste transport and waste disposal costs being included in the Q2 forecasts.
- 2.18 All other portfolios are forecasting small net underspends. There are some areas of minor overspend being offset by underspends commonly due to vacancies and additional grant income. Further detail can be found in **Appendices 3 to 10**.
- 2.19 Given the significant levels of forecast overspends across departments, the County Council is introducing expenditure controls across the organisation. This includes:-
- Vacancy management including pausing recruitment where appropriate
 - Vacant posts to be reviewed and frozen or deleted from employee establishments where appropriate
 - Reviewing the use of agency workers to reduce costs

- Reducing expenditure on procurement to only spend money on essential areas

2.20 Executive Directors are responsible for managing their budgets within cash limits. Therefore they are required to produce recovery plans to detail how this will be achieved. The position will continue to be monitored closely throughout the financial year and reported to Cabinet.

2.21 In order to ensure full understanding of the current forecast overspend, it is proposed to establish a Budget Commission. This will be cross-party, Chaired by the Leader of the Council and its purpose will be to enable review and consideration of the causes of the significant increased costs being experienced by the council, particularly in Adults and Children's Services. The first meeting of the Commission will take place in December, with further meetings scheduled as required.

External Advice

2.22 In addition to the actions detailed in the above paragraphs to reduce in year expenditure and improve the financial position of the organisation, the Council is undertaking other initiatives. This is in the context of delivering a number of savings initiatives as part of the budget for the current financial year.

2.23 At the start of FY 2024-25, the Council commenced its planning cycle to produce the Council Plan and MTFP for the following four-year period, 2025-29, including the first year's Council Plan and budget for FY 2025-26. The planning work to date, and financial monitoring of the Council's spend, has assessed that the Council's overall operating model costs in the region of 14% more than comparator councils.

2.24 Over recent years, there have been significant increases in costs arising from high levels of service demand and inflation which has led the council to use its reserves to support the cost of delivering its services. The result of these higher costs, reserve spend and the relatively higher cost of the Council's operating model, has placed the Council in a position where it can no longer continue to deliver its services with the same operating model, and must change it, both to ensure that its services are affordable, and to offer opportunities to invest in improving service areas.

- 2.25 All of the Council's departments have delivered programmes to reduce the cost of their service delivery models in recent years, but both internal analysis, and a recent external assessment through an LGA Peer Review of Children's Services, indicate that the Council has considerably more to do when compared to the wider sector in operating as an integrated whole.
- 2.26 The Council has a pressing need to adjust its whole Council operating model to ensure affordability and investment. It has previously delivered change and cost reduction programmes to support adjustments to the operating models in Adult Social Care and Health (ASC&H) and Children's Services (CS) which has led to changes to service delivery in those departments. The Council is investing in improving its digital services, and it has conducted an internal assessment of the size of its supporting structure. To ensure that the Council is challenging itself effectively and considering all available opportunities to reduce costs through rationalising and improving its operating model, a further external analysis is recommended in the following five areas:
- External review of the supporting structure analysis conducted to date, to ensure challenge and rigorous comparison across the sector.
 - ASC&H Operating Model review to ensure that the change programmes in the department are addressing all available opportunities for cost reduction and improved efficiency of service delivery.
 - CS Operating Model review to ensure that the change programmes in the department are addressing all available opportunities for cost reduction and improved efficiency of service delivery.
 - Analysis of the Council's overall change programmes, to give a view of potential gaps and opportunities for strengthening and broadening proposals to drive cost reductions and improved efficiency and effectiveness.
 - Leadership Structure review, to examine the cumulative impact of the operating model changes under consideration. A Council-wide review of spans and layers will also help identify wider potential opportunities for savings.
- 2.27 The external advice described above is assessed to cost £0.210m for a 10 week programme of work, which would be authorised and procured in accordance with the Council's financial regulations.

Corporate Budgets

- 2.28 Corporate Budgets is forecasting a net underspend of (£17.277m), a small increase in the level of underspend compared to Q1. A contingency budget of £10m included in Corporate Budgets at Q1 has now been transferred to Children's Social Care to offset ongoing cost and demand pressures in respect of placements.
- 2.29 There is a forecast underspend of £5.3m in respect of the employee pay award, based on the estimated cost of the national employers pay award agreed in October. Debt charges, net of interest and dividend income, are also forecast to be lower than budget (net £3.3m underspend) due to slippage on the Capital Programme and working capital balances being more favourable than assumed when the budget was set. Additional income of £8.7m is also forecast in respect of a business rates pool gain and business rates related grants, which were notified after the budget was set.
- 2.30 A summary of financial performance for Corporate Budgets is included in **Appendix 11**.

Savings Delivery

- 2.31 The 2024-25 Revenue Budget includes savings targets totalling £31.339m. As at the end of Quarter 2:
- Total savings forecast to be delivered is £30.353m, or 95% of target (total of Delivered, Green and Amber). The total forecast delivery includes some savings lines where the forecast delivery exceeds the original target.
 - £1.819m of savings (6% of the original target) are rated Red. There are significant risks to delivery and the forecast does not therefore assume these will be delivered. Where this is the case, departments are developing alternative savings proposals to ensure the total value of savings is delivered across the Council.
- 2.32 Further analysis by portfolio is summarised in **Appendix 12**. The Council has introduced a programme management approach to the delivery of savings in 2024-25. This has improved the delivery and monitoring of savings proposals across the organisation.

Dedicated Schools Grant (DSG)

- 2.33 **Appendix 13** provides further detail on the forecast position on the Dedicated Schools Grant (DSG) in 2024-25.

- 2.34 The forecast in-year deficit on DSG has increased from £17.4m at Q1 to £26.1m at Q2. If this forecast materialises, the cumulative deficit on the DSG at 31 March 2025 will be £43.080m.
- 2.35 As in previous years, the pressure on the DSG is coming from the High Needs Block, which is forecast to be overspent by £29.066m (£18.736m at Q1) in 2024-25. Significant increases in the number of children with Education, Health and Care Plans (EHCP's) is the main driver to increased expenditure. As demand increases and the capacity within maintained schools and academies is fully utilised, this manifests itself within the Independent and non-maintained special school sector where costs are generally higher to support children.
- 2.36 Other blocks are either within budget or have small underspends contributing to the overall DSG position. Whilst each block of the DSG has its own regulations around what it can and cannot fund, the Council has to report the overall DSG balance within its annual accounts.
- 2.37 DSG income and expenditure does not form part of the Council's general fund Revenue Budget, but any surplus or deficit on the DSG funding held by the Council forms part of the Council's reserves. Whilst previously any deficit on these balances was funded by the Council, temporary regulations introduced in 2020 require that these balances are held separately. These regulations expire in 2026, at which point any deficit on the DSG balances will need to be funded by the Council.
- 2.38 Local authorities with a DSG deficit are required to have a DSG management plan. This plan should identify the strategy, key areas and decisions that are required to bring spending back in line with funding and to repay the deficit. The plan will be designed to bring the DSG back into balance and will be shared and discussed with the Education and Skills Funding Agency (ESFA) and with the Schools Forum. Officers of the Council met with the ESFA during June 2024 to discuss Derbyshire's approach to the development of the plan, with a follow up meeting planned later in the year once Derbyshire's plan is finalised.

Reserves

- 2.39 When the 2024-25 budget was approved at Council in February 2024 it was commented that the General Reserve for the Council cannot fall below £25m. The Council's General Reserve was £35.405m as at 30 September 2024. The forecast 2024-25 overspend would reduce the reserve to a balance of £7.301m, which is 1% of the Council's net spending. This is clearly unacceptable and the Council needs to take corrective action to reduce its forecast expenditure in 2024-25.
- 2.40 As the General Reserve cannot fall below £25m, then if the actual revenue expenditure as at 31 March 2025 requires a further call on reserves then those Earmarked Reserves established for budget management will be used to protect the General Reserve.
- 2.41 The forecast 2024-25 overspend of £28.104m is after one-off support from the use of £20.952m of the Council's Earmarked Reserves, of which £10.977m was planned use included in the Revenue Budget approved by Council in February 2024. An additional £9.975m of drawdowns from General and Earmarked Reserves have been included in the forecasts.
- 2.42 The forecast position follows outturn positions for 2022-23 and 2023-24 which resulted in the Council utilising £54.789m and £58.763m of reserves in each financial year respectively, in order to balance the budget and meet inflationary and demand pressures, particularly in respect of Social Care services.
- 2.43 The next review of Earmarked Reserve levels is scheduled to be reported in January/February 2025.
- 2.44 A summary of balances on the Council's Earmarked Reserves as at 30 September 2024 is set out in **Appendix 14**.

Aged Debt Profile

- 2.45 The age profile of debts owed to the Council and the value of debts written off is disclosed in **Appendix 15**. This information is collected on a departmental rather than on a portfolio basis.

- 2.46 Two historic customer waste invoices for £214,419.50 and £632,603.85 in relation to 2018 and 2019 year end reconciliation balances remain open in the finance system. These could not be fully substantiated at the time and were unable to be formally or economically recovered and so remain dormant on the account. Given the uncertainty of whether these invoices were in fact due or could be recovered the Council was prudent in making a provision for them in the accounts and as such will not have any further impact on departmental budgets. As per financial regulations and schedule of delegation Cabinet are required to approve this financial transaction reversal as its value is over £0.5m and so approval is sought to reverse the outstanding historic financial postings so that they are reflected accurately in the Council's financial accounts.

3. Alternative Options Considered

- 3.1 N/A – the Council is required to outline its forecast revenue outturn position to ensure compliance with good financial management principles and to support the development of short and medium-term financial planning. Not producing a budget monitoring report would be contra to the Council's Financial Regulations which requires the reporting of variances of income and expenditure against budget allocation to be reported to Cabinet in line with the Budget Monitoring Policy.

4. Implications

- 4.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

5. Background Papers

- 5.1 None identified.

6. Appendices

- 6.1 Appendix 1 – Implications
6.2 Appendix 2 – Performance Report Quarter 2 2024-25
6.3 Appendix 3 – Adult Care Finance Summary
6.4 Appendix 4 – Children's Services and Safeguarding and Education Finance Summary
6.5 Appendix 5 – Clean Growth and Regeneration Finance Summary
6.6 Appendix 6 – Corporate Services and Budget Finance Summary
6.7 Appendix 7 – Health and Communities Finance Summary
6.8 Appendix 8 – Highways Assets and Transport Finance Summary
6.9 Appendix 9 – Infrastructure and Environment Finance Summary

- 6.10 Appendix 10 – Strategic Leadership, Culture, Tourism and Climate Change Finance Summary
- 6.11 Appendix 11 – Corporate Budgets Summary
- 6.12 Appendix 12 – Savings Delivery Summary
- 6.13 Appendix 13 – Dedicated Schools Grant Summary
- 6.14 Appendix 14 – Earmarked Reserves Summary
- 6.15 Appendix 15 – Outstanding Debt Summary

7. Recommendations

- 7.1 That Audit Committee, subject to the approval of Cabinet of these recommendations at its meeting on 5 December 2024:
 - a) Notes the update of Council Plan performance, progress with the delivery of savings, and the Revenue Budget position/forecast outturn for 2024-25 as at 30 September 2024 (Quarter 2).
 - b) Notes the position on Reserves.
 - c) Notes the significant actions, set out in the report, which will be undertaken across the Council, and are required to reduce the significant revenue overspend detailed in this report, and to ensure the delivery of planned savings.
 - d) Notes the adjustments in respect of historic invoices as set out in paragraph 2.46.

8. Reasons for Recommendations

- 8.1 The forecast outturn report provides a summary of the expected overall financial performance and use of resources against the Council's approved Revenue Budget for the financial year 2024-25. The forecast outturn position supports the development of the financial plan in both the short and medium term.
- 8.2 To ensure the Council maintains a balanced budget during the financial year 2024-25 and the Council maintains its financial standing. This includes a minimum level of General Reserve of £25m as set out in this report.

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Implications

Financial

- 1.1 As at Quarter 2, the Council is forecasting a net overspend of £28.104m against the approved Revenue Budget for 2024-25. This position is after the planned use of reserves included in the 2024-25 budget of £10.977m and the forecast includes the use of a further £9.975m from Earmarked and General reserves.
- 1.2 The forecast position follows significant overspends reported in 2022-23 and 2023-24, which resulted in the Council utilising £113.552m of reserves over two financial years in order to balance the budget and meet inflationary and demand pressures, particularly in Social Care services.
- 1.3 Section 2 of the report and the Appendices 3 to 10 provide further details on the reasons for the forecast overspend. There continues to be inflationary and demand pressures across Adult's and Children's Social Care services. The 2024-25 budget included significant investment in these areas to support pressures, but also required delivery of significant savings to balance the budget. Progress on savings delivery is good in most areas, but there are areas of risk in respect of savings delivery, which are contributing to the forecast overspend.
- 1.4 There is a forecast total cumulative deficit on the Dedicated Schools Grant (DSG) of £43.080m by 31 March 2025. DSG income and expenditure does not form part of the Council's general fund Revenue Budget, but any surplus or deficit on the DSG funding held by the Council forms part of the Council's reserves. Whilst previously any deficit on these balances was funded by the Council, temporary regulations introduced in 2020 require that these balances are held separately. These regulations expire in 2026, at which point any deficit on the DSG balances will need to be funded by the Council. Officers of the Council met with the Education and Skills Funding Agency (ESFA) during June 2024 to discuss Derbyshire's approach to the development of its DSG management plan, which will identify the strategy, key areas and decisions that are required to bring spending back in line with funding and to repay the deficit, bringing the DSG back into balance. The plan will be shared and discussed with the ESFA and with the Schools Forum.

Legal

- 2.1 By law the Council must set and deliver a balanced budget, which is a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term. This can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels and regard must be had to any report of the Chief Finance Officer on the required level of reserves under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.
- 2.2 By virtue of section 114(3) of the Local Government Finance Act 1988, the Chief Finance Officer is required to issue a report where he considers that the expenditure to be incurred by the Council during a financial year is likely to exceed the available resources. In the event that the Chief Finance Officer issues a section 114(3) report, this would trigger a short term statutory prohibition on entering into 'any new agreement which may involve the incurring of expenditure' without the permission of the Chief Finance Officer.

Human Resources

- 3.1 The impact of the budget savings programme on the workforce is being monitored and regular updates provided through the Budget Savings Programme Board.

Information Technology

- 4.1 None.

Equalities Impact

- 5.1 None.

Corporate objectives and priorities for change

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

- 6.2 In common with many Local Authorities, the Council has faced significant cost pressures and increased demand for services over recent years which has presented financial challenges. The Council is committed to ensuring that it sets a balanced budget over the medium-term, ensuring good financial management and sustainable use of reserves.

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

- 7.1 The Council has introduced a programme management approach to the delivery of savings in 2024-25 in order to manage the risk of non-delivery. This has improved the delivery and monitoring of savings proposals across the organisation.