

DERBYSHIRE COUNTY COUNCIL

COUNCIL

3 February 2021

Report of the Director of Finance & ICT

REVENUE BUDGET REPORT 2021-22

1 Purpose of the Report

To propose a Revenue Budget and Council Tax for 2021-22. This report should be read alongside the following reports to this Council meeting: the Budget Consultation Results Report for 2021-22, the Reserves Position Report and the Capital Programme Approvals, Treasury Management and Capital Strategies for 2021-22 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 2021. Information relating to the funding and income streams to the Council are set out in Appendix One. The report commences with details of the in-year position, including the impact of Covid-19, details of the Spending Review 2020 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.

2(a) Budget 2020-21

The Revenue Budget 2020-21 is set in the context of the current in-year financial position. The forecast outturn for 2020-21 as at Quarter 2 (30 September 2020), compared to controllable budget, was reported to Cabinet on 10 December 2020 and is summarised below. The Covid-19 pandemic is having a significant impact on the Council's 2020-21 forecast outturn.

An overall Council underspend of £9.617m is forecast, after accounting for £45.037m of Ministry of Housing Communities & Local Government (MHCLG) Covid-19 emergency grant funding awarded and additional income of

£4.853m compensation for lost sales, fees and charges income estimated to be claimable under the Government scheme announced on 2 July 2020.

Additionally, the Council has received £38.023m of ringfenced Covid-19 specific funding against Covid-19 related costs forecast to be incurred in 2020-21. The overall underspend for 2020-21 is being achieved, in part, through the use of these and other one-off funding measures and underspends on corporately held budgets, as there continues to be immense pressure on all demand led services, in particular those around services to children.

A Council portfolio overspend of £11.835m is forecast, after the use of the un-ringfenced and specific Covid-19 grant funding for Covid-19 related costs forecast to be incurred in 2020-21.

	Budget	Covid	Adjusted Budget	Forecast Actuals	Projected Outturn	Variance
	£m	£m	£m	£m	£m	%
Adult Care	263.244	13.866	277.110	279.466	2.356	0.9%
Clean Growth and Regeneration	0.695	0.542	1.237	1.268	0.031	2.5%
Corporate Services	43.445	1.812	45.257	48.968	3.711	8.2%
Health and Communities (exc. Public Health)	4.213	2.474	6.687	5.248	-1.439	-21.5%
Highways, Transport and Infrastructure	74.837	6.015	80.852	82.338	1.486	1.8%
Strategic Leadership, Culture and Tourism	12.209	1.038	13.247	12.476	-0.771	-5.8%
Children's Services	119.205	8.276	127.481	133.942	6.461	5.1%
Portfolio Outturn	517.848	34.023	551.871	563.706	11.835	2.1%
Risk Management	66.487	-34.974	31.513	12.397	-19.116	-60.7%
Debt Charges	34.378	0.000	34.378	32.054	-2.324	-6.8%
Interest and Dividend Income	-6.198	0.552	-5.646	-5.646	0.000	0.0%
Levies and Precepts	0.343	0.000	0.343	0.343	0.000	0.0%
Corporate Adjustments	2.630	0.399	3.029	3.017	-0.012	-0.4%
Council Outturn	615.488	0.000	615.488	605.871	-9.617	-1.6%

Un-ringfenced Covid-19 related costs across the portfolios are forecast to be £34.023m in 2020-21. This is the forecast additional cost and lost income of

the Council's response up to the end of March 2021, including the impact of slippage to the planned programme of savings which cannot yet be implemented as a result. This amount allows for any specific funding to offset the gross Covid-19 related costs which has already been forecast to be allocated to individual portfolios; these amounts are detailed below. Budget of £34.023m will be allocated to portfolios from the Risk Management Budget, where the emergency Covid-19 grant funding and reimbursement for lost income from sales, fees and charges received from Government has been temporarily allocated, to match these costs.

Covid-19 Impacts: 2020-21 Forecast Costs and Additional Income by Portfolio

	Covid-19 Related Costs £m	Less: Specific Funding for Portfolio Covid-19 Costs £m	Use of MHCLG Covid-19 and SFC Grant Funding £m
Adult Care	45.107	-31.241	13.866
Clean Growth and Regeneration	0.542	0.000	0.542
Corporate Services	1.812	0.000	1.812
Health and Communities	7.141	-4.667	2.474
Highways, Transport and Infrastructure	6.615	-0.600	6.015
Strategic Leadership, Culture and Tourism	1.038	0.000	1.038
Children's Services	9.791	-1.515	8.276
Portfolio Outturn	72.046	-38.023	34.023

Any unspent balance of specific Covid-19 grants at the year-end will be earmarked for carry forward to set alongside related Covid-19 costs in 2021-22.

2(b) Spending Round 2020

On 25 November 2020, the Government announced details of the Spending Review 2020 (SR 2020).

The Office of Budget Responsibility (OBR) forecasts that Gross Domestic Product (GDP) will fall by 11.3% in 2020, before returning to growth in 2021. However, the economy is not expected to reach pre-pandemic levels until the end of 2022. By 2025 the economy is forecast to be approximately 3% worse-off than had been predicted before Covid-19. Debt is forecast to rise to 97% of GDP by 2025-26.

The key announcements in SR 2020, relevant to local government, were:

- £1.55bn for Covid-19 pressures to local authorities, with additional financial support, of £4 per head per month, for local authorities facing the highest ongoing Covid-19 restrictions, to support local public health initiatives through the Contain Outbreak Management Fund.
- A decision not to proceed with a reset of business rates baselines in 2021-22, with the continuation of the existing 100 per cent Business Rates Retention pilots for a further year.
- A final report setting out the full conclusions of the Business Rates review will be published in spring 2021.
- A delay of the next revaluation of Business Rates until 2023-24.
- A freeze of the Business Rates Multiplier in 2021-22, saving businesses in England an estimated £575m over the next five years. Local authorities will be fully compensated for this decision. Payment holidays in place for retail, hospitality, leisure and nursery sectors are also leading to reduced Business Rates receipts but again, local authorities are expected to be compensated.
- Proposal to allow up to a further 3% Adult Social Care (ASC) Precept to be levied by social care authorities in 2021-22, in addition to the referendum threshold for general increases in Council Tax remaining at 2%, with the option to defer some of the Adult Social Care increase to 2022-23.
- £670m for Council Tax support to local authorities, with compensation for 75% of Council Tax collection fund deficits due to Covid-19 at January 2021. As previously announced, the remaining deficit can be spread over three years
- Revenue Support Grant to continue, with an inflationary increase.
- £1.41bn additional Social Care Grant from 2020-21 to continue, with an additional £300m for 2021-22.
- Continuation of the £2.1bn improved Better Care Fund, pooled with the NHS to help meet adult social care needs and reduce pressures on the NHS.
- Proposals on the future of the adult social care system will be brought forward next year.
- Public Health Grant will be maintained.
- New Homes Bonus scheme will be maintained for a further year with no new legacy payments. A consultation on the New Homes Bonus is planned, with a view to implementing reform in 2022-23.
- Public sector workers earning less than £24,000 to receive a minimum £250 increase in pay and a 2.2% increase in the National Living Wage announced, from £8.72 to £8.91, with an extension to those aged 23 and over; otherwise a public sector pay freeze is recommended, with the exception of the NHS frontline.
- Reformation of the Public Works Loan Board (PWLB) lending terms, ending the use of the PWLB for investment property bought primarily for yield, with an immediate reduction in the PWLB Standard Rate and

Certainty Rate of 1%. This restriction on property assets has no implications for the Council's planned capital spend or borrowing needs.

- £2.2bn increase in core schools funding in 2021-22
- Additional £291m for further education.
- £220m for the Holiday Activities and Food programme for disadvantaged children in the Easter, Summer and Christmas holidays in 2021, which was previously announced as part of the Winter funding package announced by Government on 8 November 2020.
- £165m for local authorities through the Troubled Families Programme.
- £254m of funding to support rough sleepers and those at risk of homelessness during Covid-19, including £103m announced earlier this year for accommodation and substance misuse.
- Almost £19bn of transport investment in 2021-22, including £1.7bn for local roads maintenance and upgrades.
- Refreshed Green Book guidance on how to assess potential investments, to help achieve the aim of addressing regional imbalances.
- A new Levelling Up Fund, with cross-departmental funding of £4bn available for England, to be used to invest in high value local infrastructure projects making "a visible impact on people and their communities and will support economic recovery". Qualifying projects will be up to £20m, or more by exception, and could include bypasses and other local road schemes, bus lanes, railway station upgrades, upgrading town centres and community infrastructure, and local arts and culture. Projects must be deliverable within this Parliament and have the backing of the local MP. Up to £600m will be available in 2021-22. A prospectus for the fund will be issued and the first round of competitions will be launched in the New Year.
- A new National Infrastructure Strategy (NIS), outlining the longer-term vision for UK infrastructure and plans to create a new infrastructure bank, to catalyse private investment in infrastructure projects.
- £1.2bn to subsidise the rollout of gigabit-capable broadband.
- £260m for transformative digital infrastructure programmes.
- A new 3-year long £2.9bn Restart programme to provide intensive and tailored support to over one million unemployed people. It is unclear as to whether local authorities will be involved in administering this.
- A £500m hardship fund for local authorities to use to discount the Council Tax bills of all working age local Council Tax support claimants by £150.
- Investment of £573m in Disabled Facilities Grants and £71m in the Care and Support Specialised Housing Fund.
- £98m of additional resource funding to enable local authorities to deliver the new duty to support victims of domestic abuse and their children in safe accommodation in England.
- As announced earlier in the year, the Government will not proceed with the implementation of the Review of Relative Needs and

Resources (formerly the Fair Funding Review) and 75% Business Rates Retention in 2021-22. In order to provide further stability, the reset of accumulated business rates growth will not take place in 2021-22.

2(c) Local Government Finance Settlement

Details of the Provisional Local Government Finance Settlement 2021-22 (Provisional Settlement) were published on 17 December 2020. 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 16 January 2021, 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 by early February 2021. This may be after the Council has formally set its budget and Council Tax on 3 February 2021. 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 2020, the headlines from the Provisional Settlement and associated Technical Consultation, and later announcements, are:

- Council Tax precept limits confirmed at a 2% basic referendum 'general' limit plus up to 3% ASC precept, which can be spread over two years.
- Confirmation that Core Spending Power (CSP) increases by an average of 4.5% (£2.2bn in total). This assumes that all authorities levy the maximum 5% Council Tax precept allowed in 2021-22, with no deferral of the ASC precept into 2022-23.
- £300m additional social care funding added to the £1.410bn of Social Care grants which were allocated to local authorities in 2020-21, with the allocation taking account of a local authority's ability to raise additional funding through the ASC precept.
- Publication of the allocations of £1.55bn for additional Covid-19 pressures.
- Publication of further details on the Income Guarantee Scheme, confirming the technical methodology for calculation of 75% of irrecoverable losses in Council Tax and Business Rates income in respect of 2020-21, with expected S31 Grant payments directly to billing and major precepting authorities by January 2022. Consideration will be given as to whether earlier payments may be needed, which would involve a later reconciliation against outturn data.
- Council Tax taxbases have been assumed to increase by an average of the annual growth between 2016-17 and 2020-21. This means MHCLG is not using the Office for Budget Responsibility's (OBR) -0.2% forecast for tax base growth. However, £670m of additional funding, outside of CSP will be distributed in the Local Council Tax Support Scheme

(LCTS) and funding is proposed on the basis of each billing authority's share of the England level working-age LCTS caseload. Indicative allocations and a detailed methodology note have been published.

- The previously announced lower national total for New Homes Bonus in 2021-22, due to no allowance for new legacy payments, has led to £278m of the previous national total of £900m is no longer needed to fund New Homes Bonus in 2021-22. The £278m has been allocated as follows:
 - £150m has been included in the additional £300m for Social Care
 - £111m to a new one-off Lower Tier Fund for districts
 - £4m Rural Service Delivery Grant uplift
 - £13m to fund the increase in the Settlement Funding Assessment (Revenue Support Grant and Business Rates Funding).
- Dedicated Schools Grant (DSG) allocations separately published.
- Department for Health and Social Care's (DHSC) Public Health Grant will continue for 2021-22. Allocations are expected to be published by DHSC in January 2021 and will continue to be ringfenced and at similar levels to 2020-21.

Future Funding Levels

The local government sector is seeking a multi-year settlement beyond 2021-22 to provide funding certainty and stability, similar to the four-year offer made by Government in 2015.

The SR 2020 sets out public spending totals for one year only, in order to prioritise the Government's response to Covid-19 pandemic and focus on supporting jobs. It is now hoped that there will be a comprehensive multi-year Spending Review in 2021. The Council will continue to lobby Government by responding to appropriate consultations in support of both a fair funding and multi-year settlement for the Council.

Settlement Funding Assessment

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

	2020-21 allocations £m	2021-22 allocations £m
Revenue Support Grant	13.738	13.813
Business Rates Top-Up	94.892	94.892
Business Rates – Local*	20.575	17.679
	129.205	126.384

*2020-21 Business Rates – Local - updated for final 2020-21 estimates.

- **Revenue Support Grant**

RSG has increased in line with the Consumer Price Index (CPI) with no change to the distribution of RSG from that used in 2020-21.

- **Business Rates Top-Up**

Business Rates Top-Up has not increased. This is in line with the freeze in the Business Rates multiplier. However, the ‘business rates capping’ grant, has increased to compensate for the under-indexation of the multiplier.

The Government has fixed, in real terms, authorities’ retained business rates baselines until the business rates system is reset, with no alteration of the existing mechanism for determining tariff and top-up payments in 2021-22.

- **Business Rates – Locally Retained**

The figure for Local Business Rates shown in the table above is the Council’s high-level estimate of its Derbyshire business rates income for 2021-22, based on previous years’ income and the assumption that there will be a 1% growth in local business rates in 2021-22 but a deficit on the collection fund of £4.500m as a result of the Covid-19 pandemic, which local authorities are permitted to spread over three years from 2021-22. Very few business rates estimates for 2021-22 have been received from the billing authorities.

Although the billing authorities have until 31 January 2021 to provide the Council with the final estimates for 2021-22 growth to be used in setting the budget, the difficulties for billing authorities of forecasting during the Covid-19 pandemic, along with the time needed to consider the recent announcements at the Provisional Settlement of a Local Income Tax Guarantee Scheme for 2020-21 and a Local Council Tax Support scheme, means that this information will be received later than is usual.

The Council receives 9% of business rates collected locally. A verbal update of the business rates income forecast will be provided at the meeting, when it is expected that information will have been received. As a result, the Council’s estimate of locally retained business income could change to a greater extent than in a ‘normal’ year. 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. The Government has committed to reforming NHB, and 2021-22 will be the final year under the current approach, with a new round of reduced allocations.

There has been no change to the payments baseline. As announced in 2020-21, no legacy payments will be made on new allocations from 2020-21 onwards; meaning that the 2020-21 and 2021-22 bonuses are not included in the calculation of payments in 2021-22 and NHB has decreased. Legacy payments will be made on allocations from earlier years as previously announced. For 2021-22 this has left £278m of the £900m top-slice available for reallocation as set out in the earlier summary of key announcements in the Provisional Settlement. The Council's 2021-22 allocation is £1.549m. A consultation document on the future of the NHB, including options for reform, is expected later in the financial year.

General Grant

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

	2020-21	2021-22
	£m	£m
Improved Better Care Fund (iBCF)	34.682	34.682
Business Rates Capping*	7.238	5.881
Social Care Grant	21.941	27.617
Local Council Tax Support***	0	5.997
Local Tax Income Guarantee Scheme for 2020-21****	0	0.900
Independent Living Fund***	2.534	0
Extended Rights to Free Travel*/***	1.169	0
Local Reform and Community Voices Grant*/***	0.520	0
War Pensions Scheme Disregard*/***	0.158	0
Prison Services*/***	0.106	0
Schools Improvement Monitoring Grant*/***	1.085	0
Moderation Phonics Grant*/***	0.034	0
	69.467	75.077
Covid-19 (C-19) Grants:		
C-19 Local Authority Support*	45.038	15.337

		Public
C-19 Additional Dedicated Home to School Transport ^{*/**/****}	1.001	0.250
C-19 Emergency Assistance Food/Essential Supplies*	0.808	0
C-19 Wellbeing for Education Return*	0.141	0
C-19 Clinically Extremely Vulnerable*	0.418	0
C-19 Outbreak Management Fund ^{*/**}	9.632	0
C-19 Winter Grant Scheme*	2.181	0
C-19 Sales, Fees and Charges Scheme ^{*/**/****}	3.485	0.967
Total	62.704	16.554

* 2020-21 figures updated from Revenue Budget Report following announcement/release of allocations.

** 2020-21 includes forecast amount for grants/funding announced and expected to be received by the end of 2020-21.

*** For 2021-22 awaiting Government information about this grant; where numbers are included it is considered likely that funding will be received at around 2020-21 levels or an indicative allocation has been received.

**** 2021-22 forecast based in information released to date.

- **Improved Better Care Fund (iBCF)** – the Comprehensive Spending Review 2015 announced that £1.5bn would be added to the ring-fenced Better Care Fund progressively from 2017-18. This was later increased by £2bn, at the Spring Budget 2017, allocated over a three-year period, reaching £1.837bn in 2019-20 nationally. In 2020-21 the iBCF additionally incorporated £240m of funding allocated as a Winter Pressures Grant in 2019-20, no longer ring-fenced for alleviating NHS winter pressures. For 2021-22, funding has been maintained at 2020-21 cash terms levels (£2.1bn), with the distribution unchanged.
- **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 2021-22 budget calculation is the Council's Provisional Settlement allocation for under-indexing of the business rates multiplier. Business rates discounts for 2021-22 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 2021 to be used in setting the budget. A verbal update of business rates income will be provided at the meeting.
- **Social Care Grant** - the £1.71bn Social Care Grant consists of £300m new funding (announced in SR 2020) and direct continuation of the 2020-21 £1.41bn Social Care Grant. 2021-22 new funding allocations have been determined according to the Adult Social Care Relative Needs Formula, including £240m used to equalise a local authority's ability to raise additional funding through the ASC Precept, at the same level of

equalisation as in 2020-21. As a result, the Council receives a higher share of the Social Care Grant, which reflects its low Council Tax taxbase. The whole £1.71bn Social Care Grant is un-ringfenced, with no conditions attached.

- **Local Council Tax Support** – new funding of £670m for 2021-22 provided in recognition of the increased costs of providing local Council Tax support and other help to economically vulnerable households following the pandemic. Essentially this is un-ringfenced compensation for a depleted Council Tax taxbase and to keep Council Tax bills low for those who have been hardest hit by the C-19 pandemic. Broadly, it is expected that funding will meet the additional costs associated with increases in local Council Tax support ('LCTS') caseloads in 2021-22. Decisions on local Council Tax Support Scheme design for 2021-22 will be for billing authorities to take as usual, in consultation with their major precepting authorities and the public. Proposals apportion funding between billing and precepting authorities based on their share of the Council Tax requirement in their area for 2020-21 and indicative allocations have been published. The proposed method, which is the subject of a consultation, would mean that lump sum, upfront payments could be made as early as April 2021.
- **Local Tax Income Guarantee Scheme** – compensation to local authorities for 75% of irrecoverable losses in Council Tax and Business Rates income in respect of 2020-21 (announced in SR 2020). It is proposed that Section 31 grants are paid directly to billing and precepting authorities by January 2022, but further consideration will be given as to whether there might be a need to make payments on account earlier in 2021-22.

For Council Tax, losses in scope of the guarantee will be measured through a comparison of each authority's Council Tax Requirement and its share of an adjusted 'Net Collectable Debit' for 2020-21. This means that the guarantee will predominantly cover expected Council Tax liability at the time of budget setting for 2020-21, which did not materialise. This might be for example due to an increase in local Council Tax support costs or unachieved Council Tax taxbase growth. It is expected that billing authorities continue to pursue outstanding Council Tax debt in the usual way and hence the January 2022 date for payments once the situation on recovery of debt has become clearer.

For Business Rates, income losses in scope of the guarantee will be measured through a comparison of Business Rates income as calculated in the 2020-21 National Non-Domestic Rates ('NNDR') statistical collection forms 1 (estimated position) and 3 (outturn position), with technical adjustments. These returns are collated by billing authorities.

- **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 but this continued into 2020-21 at a cash flat level. The Provisional Settlement did not announce whether ILF would again be received in 2021-22, and pending receipt of any further information about the continuance of this grant, no grant income has been assumed for 2021-22 and one-off support has been included for Adult Social Care and Health to compensate for this. In the event that the Government confirms continuation of the grant for 2021-22, the one-off support will cease.
- **Other Grants** - pending receipt of grant information, no income amounts for the other grants below have been included in the Council's 2021-22 budget calculation. Departments have been compensated previously, in the base budget, for these grants and hence any receipt will be taken into the Risk Management Budget.
 - **Extended Rights to Free Travel** – funding to support extended rights to free school travel.
 - **Local Reform and Community Voices Grant** – this grant is comprised of funding for Deprivation of Liberty Safeguards, local Healthwatch and Independent Complaints Advisory Services.
 - **War Pensions Scheme Disregard** - compensates authorities for disregarding, for the purposes of social care charging, most payments made under the War Pension Scheme.
 - **Prison Services** – funding for social care in prisons.
- **Schools Improvement Monitoring and Brokering Grant** - funding to monitor performance of maintained schools, broker school improvement provision, and intervene as appropriate. Pending receipt of grant information, no amount of grant income has been included in the Council's 2021-22 budget calculation.
- **C-19 Pandemic Grants** - the Council, like all local authorities, has incurred additional costs as a result of the C-19 pandemic. Grant income has been received from Government in respect of Covid-19 in 2020-21 and the un-ringfenced C-19 Local Authority Support grant will continue into 2021-22. Any unspent balance of C-19 grants at the year-end will be earmarked for carry forward to set alongside the 2021-22 C-19 funding support.

The Sales, Fees and Charges Scheme has also been confirmed as continuing in the first quarter of 2021-22. The existing general principles are proposed for the extension of the scheme, focusing on compensating councils for irrecoverable and unavoidable losses from sales, fees and

charges income generated in the delivery of services into the first three months of 2021-22. The intention is to use each council's 2020-21 budgeted income as the baseline from which to assess losses. The Scheme would again feature a 5% deductible rate, whereby councils will absorb losses up to 5% of their planned sales, fees and charges income, with compensation for 75p in every pound of relevant loss thereafter.

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 2021-22 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 2021-22 were published on 17 December 2020. Details of DSG schools block funding will be considered in a separate report to this meeting and the remaining blocks will be considered in February/March 2021.

- **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 2021-22 has yet to be announced in detail, but no increase has been assumed in line with SR 2020. 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 at least 31 March 2022. At some point it is expected that the funding for Public Health will form part of revised funding mechanisms for local authorities following the Fair Funding and Business Rates Retention Reviews, however these have been delayed because of the impacts of Covid-19.

- **Better Care Fund**

The Better Care Fund (BCF) was announced in June 2013 as part of the 2013 Spending Round. It provides an opportunity to transform local services so that people are provided with better integrated health and social care. The BCF supports the aim of providing people with the right care at the right place at the right time. This builds on the work which the 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 2021-22 allocation for Derbyshire as a whole has yet to be announced and there is no indication as to whether the National Health Service (NHS) contribution to the Better Care Fund will increase. The 2020-21 allocation of £103.983m was split as follows:

	2020-21 £m
Tameside and Glossop CCG	2.501
Derby and Derbyshire CCG	57.255
CCG Minimum Contribution	59.756
 DCC Additional Contribution	
ICES Equipment	1.647
Disabled Facilities Grant	7.898
Improved Better Care Fund	31.055
Winter Pressures Grant	3.627
	44.227
	103.983

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.

2 (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's Band D Council Tax rate is calculated by dividing the Council's Council Tax Requirement (CTR) by the total taxbase figures. Each of the borough and district councils uses a Collection Fund to manage the collection of Council Tax and to make an adjustment to reflect the actual collection rate of Council Tax in the previous year. Following the introduction of the Business Rates Retention Scheme in April 2013, the borough and district councils are required to take account of both Council Tax and Business Rates collected in determining their surpluses or deficits. The billing authorities have until 31 January, the statutory deadline, to confirm their taxbase positions, although these are not expected to change.

The total Council Tax taxbase figure for 2021-22 is 252,407.08, based on the number of equivalent Band D properties, a 0.36% 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 £1.229m. This is calculated by multiplying the increase in the number of properties by the Council's Equivalent Band D Council Tax rate in 2020-21. Previous years have seen increases in the taxbase of 1.71%, 1.17% and 1.47%. The taxbase increase for 2021-22 is less than in recent years because of the impact of the Covid-19 pandemic, namely an increase in the number of residents claiming Council Tax benefits. However, support will be received from the Council Tax Support Scheme grant for 2021-22, referred to above. Essentially this is un-ringfenced compensation for a depleted Council Tax taxbase and to keep Council Tax bills low for those who have been hardest hit by the C-19 pandemic. The Five Year Financial Plan (FYFP) assumes a gradual recovery in taxbase increases, phasing out the Council Tax Support Scheme assistance, with a forecast 1.00% increase in 2022-23 and then annual increases of 1.50% thereafter.

Collection Fund

The Covid-19 pandemic has severely impacted the Council Tax collection fund position. The Council Tax collection fund deficit for 2021-22 is estimated at £2.306m, although this figure is not final. The collection fund position reported in the Revenue Budget Report 2020-21 was a surplus of £3.310m.

Billing authorities have until 31 January 2021 to confirm in writing their final collection fund estimates. There have been difficulties for billing authorities forecasting during the Covid-19 pandemic, and billing authorities require time to consider the recent announcements of the Local Income Tax Guarantee Scheme for 2020-21 and the Local Council Tax Support scheme. This means that final collection fund estimates will be received later than is usual.

A verbal update of the Council Tax collection fund position will be provided at the meeting, when final information will have been received. As a result, the Council's estimate of Council Tax collection fund position could change more than in a 'normal' year. Any changes to the figure shown in Appendix One will be managed through the Risk Management Budget or Reserves.

The repayment of collection fund deficits arising in 2020-21 will be spread over the next three years rather than the usual period of a year, giving local authorities 'breathing space' in setting budgets for 2021-22. The regulations to implement the collection fund deficit phasing came into force on 1 December 2020.

The Council Tax collection fund deficits for the individual authorities are shown at Appendix Three.

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.

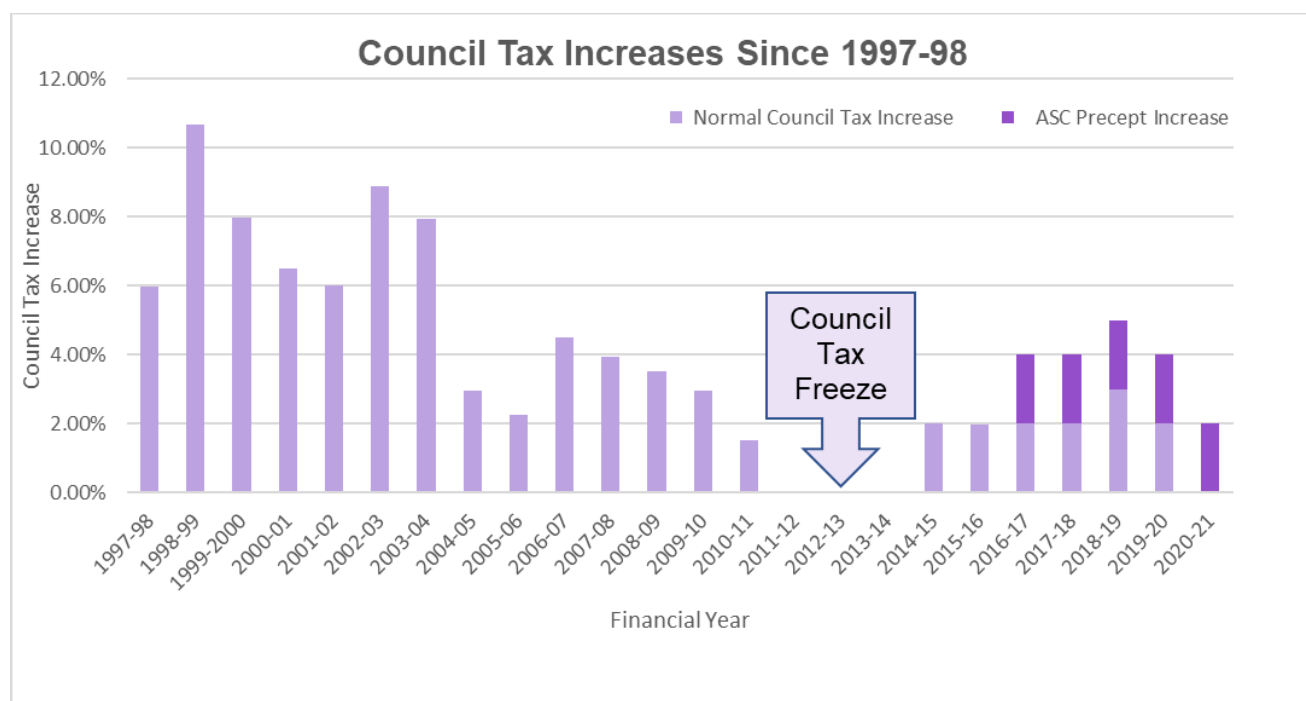
SR 2020 provides county councils with the flexibility to increase Council Tax by up to 2% for general spending. In addition, local authorities with adult social care responsibilities will be able to increase adult social care spending by levying up to a further 3% using the ASC precept. This means that, for the Council, the maximum total Council Tax increase is 5%. In recognition that local authorities might not want to take up the ASC precept flexibility in full next year, some or all of this can be deferred for use in 2022-23. An adult social care authority could, for example, set a 1.5% general spending increase and a 1% ASC precept increase in 2021-22. This would provide the flexibility to set a 2% ASC precept in 2022-23, on top of any general increase and

irrespective of other referendum principles that may apply in 2022-23. Many councils are considering approaches which spread the ASC precept over more than one year, aligned to an increase in general, or 'normal', Council Tax.

Details of any assurance process relating to the use of the ASC Precept in 2021-22 have yet to be issued. As usual, billing authorities will be required to include information on the face of the Council Tax bill, with a narrative statement on the front of the bill highlighting any Council Tax attributable to levying this funding for adult social care, as well as providing further information to the taxpayer. Further information is also required to be included with the Council Tax bill.

Council Tax Increase

The graph below illustrates the increases raised by the Council over the last 20+ years:



Since 2016-17 there has been the ability to raise an additional amount of Council Tax specifically to additionally fund adult social care spending. This has added 2% to the referendum limited increase in 2016-17 through to 2020-21. In 2020-21 there was no normal Council Tax increase, just the 2% ASC precept.

In terms of absolute position, the Council's Band D Council Tax level is around the average. This is a measure which does not reflect the actual spread of housing in an area into the various bands. As Derbyshire is less affluent than

many county areas it has around 80% of properties in Bands A, B and C and the average property is in Band B. This means that the mean average Council Tax paid per household is the lowest amongst the fourteen shire county councils who provide the same services as the Council (non-Fire and Rescue Service (FRS) authorities).

Authority	Average Council Tax per dwelling
East Sussex	1,191.20
Devon	1,128.40
Hampshire	1,119.97
North Yorkshire	1,112.58
Kent	1,111.42
Essex	1,106.02
Cambridgeshire	1,099.80
Leicestershire	1,066.52
Nottinghamshire	1,060.68
Worcestershire	1,052.29
Somerset	996.60
Staffordshire	970.46
Lancashire	947.12
Derbyshire	936.07

Local authorities have urged Government to provide additional funding to support vital services, particularly Children's Social Care and Adult Social Care. Additional resources have been allocated to the Council as part of the Government's response. The additional social care funding announced in SR 2019, with a further increase in SR 2020, and the continuation of payment of Revenue Support Grant, 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 that Government has a clear and definite expectation that part of the additional pressures in adult care will be funded by levying additional ASC Precept. In 2020-21 every County Council complied with the Government expectation and levied the ASC Precept.

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

The Council's preference is for Government to recognise costs associated with social care through the re-distribution of national taxation. However, the clear expectation from Government is that local taxation is also part of the solution. Therefore, it is recommended that the Council accepts the need to

levy the ASC Precept at 1% for 2021-22 and also to increase basic Council Tax by 1.5%, in recognition of Adult Social Care pressures and the significant increase in general budget pressures the Council is experiencing. This then gives the Council the option of levying the remaining 2% ASC Precept in 2022-23, in addition to any increases permitted by the 2022-23 Referendum Principles, in the expectation that the worst effects of the Covid-19 pandemic will be over and recovery will have begun.

2 (e) Price Increases

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

The total impact of price increases is estimated at £0.046m.

Pay Award

SR 2020 announced that NLW would increase by 2.2% for 2021-22, from £8.72 to £8.91, with an extension to those aged 23 and over, and recommended to local authorities that other employees earning less than £24,000 should receive a minimum £250 increase in pay; otherwise there should be a “pay pause” in 2021-22, with no general increase.

The last Council FYFP assumed a general pay award of 2% for 2021-22. The unions have yet to submit a 2021-22 pay claim to the national employers, which means that local authority negotiations have yet to commence. The submission is not expected until late January/early February 2021. However, it appears realistic, at this stage, to assume that the recommendations of SR 2020 will be adopted. This equates to additional cost of £2.313m, 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 that recommended in SR 2020, the additional cost will have to be found from within existing budgets.

2(f) Corporate Budgets

Contingency Budgets

The overall Contingency Budget includes pay and price inflation elements of £6.426m, detailed below, departmental service pressures of £10.000m to be held over pending further information, as detailed in Appendix Four, reduced by cross-departmental savings in respect of £1.000m, as detailed in Appendix Five, and one-off election costs forecast at £1.500m in respect of the 2021-22 County Council elections, which are held every four years. The total Contingency Budget is £16.926m.

Pay and Price Inflation - £6.426m

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 - £4.113m**

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 2021-22, the NLW will increase by 2.2%, from £8.72 to £8.91, with an extension to those aged 23 and over. This amount is to be held in Contingency budgets until negotiations are complete.

- **Pay Award - £2.313m**

No general increase has been assumed (see section 2 (e) above), however, negotiations are still ongoing.

External Debt Charges and Minimum Revenue Provision - £28.598m

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 reflected in 2021-22.

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

The amount of MRP that has been transferred since 2010-11 to the CAA reserve is in excess of £156.3m, however the actual amount of loan repayments during that time is significantly lower, at £125.3m. With the Council not undertaking any new borrowing within the last eleven 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 reduce by £3.5m in 2021-22. The Council will however continue to review its MRP policy annually to ensure in future years that adequate/prudent provisions are still being made.

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Council is able to reduce net borrowing costs and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. The Council will monitor this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2021-22, 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 - £8.464m

The Council has maintained a Risk Management Budget for a number of years, the purpose of which is to provide a base budget from which the Council can help manage some of the longer term risks and pressures, alongside the resources available in the Earmarked Reserve available for budget management and General Reserves.

Given the uncertainties experienced during 2020 as a result of C-19, it is important, more than ever, to maintain a prudent level of risk management budget to mitigate the risks faced by the Council, details of which are set out later in the report.

Interest Receipts - £4.016m

On 29 January 2020, the Bank of England's Monetary Policy Committee voted to maintain the Bank of England base rate of interest at 0.75%, where it had remained since August 2018. However, at a special meeting on 10 March 2020, the base rate was reduced from 0.75% to 0.25% to counter the "economic shock" resulting from the Covid-19 outbreak. The base rate was further reduced to the current rate of 0.1% on 19 March 2020. 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. The forecast for 2020-21 interest receipts of £5.646m, in the Performance and Budget Monitoring/Forecast Outturn 2020-21 as at 30 September 2020, is not significantly different to receipts budgeted in the Revenue Budget Report 2020-21 (£5.948m, plus an additional income target of £0.250m), benefitting from interest contractually committed before the Covid-19 pandemic and its associated impact on interest rates. However, it is expected that interest receipts beyond 2020-21 will be further reduced and the reduction in budgeted interest receipts reflects this.

2(g) Service Pressures

A number of service pressures have been identified by Departments. Details of Departmental pressures identified for 2021-22 are shown at Appendix Four.

Of the ongoing Departmental service pressures of £22.716m, a total of £12.716m will be allocated to Departmental base budgets and a further £10.000m will be held over in Contingency Budgets, pending further information.

Overall Ongoing Service Pressures of £17.814m include the above Departmental services pressures of £22.716m, less a reduction in Corporate External Debt Charges pressures of £5.000m, use of the Corporate Risk Management Budget of £2.084m, and pressures against the Interest Receipts budget of £2.182m, all referred to in section 2 (f).

One-off support of £16.136m will be funded from reserves.

2(h) Budget Savings Targets

Target savings by the end of 2025-26 are estimated to be £72m, of which £38m 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 £38.234m over the FYFP are shown at Appendix Five. These identified budget savings comprise £35.234m of identified departmental annual budget savings and £3.000m of cross-departmental annual budget savings over the FYFP. Significant budget preparation work has taken place in the last quarter of the 2020 calendar year, including a number of workshops, facilitated by an external advisor, Grant Thornton, with the Council's Corporate Management Team and departmental finance managers. These workshops have helped in identifying some additional savings and have provided stakeholders with a number of financial scenarios over the medium term that attempt to exemplify the potential funding gap the Council faces.

However, overall, there is now a significant shortfall of identified annual budget savings against the £72.811m budget savings target, over the five years of the FYFP. In headline terms the Council has now identified measures which should help achieve 53% of the budget gap over the period of the FYFP. This is a worse position than was reported in the Revenue Budget Report 2020-21, when measures had been identified to meet 80% (all but £12.684m) of the budget gap. Although £4.380m of additional savings have been identified over the four years from 2021-22, referred to above, additional forecast pressures on the budget in these years mean the shortfall has grown by £8.045m over these years. In addition, there is now an expectation that these budget pressures will continue into 2025-26, which is the final year of the FYFP, when a further £13.848m of savings are now forecast as being required. This has meant the shortfall has grown over the course of 2020-21 and is now £34.577m, around £22m higher. There is a clear and significant challenge to identify savings to bridge the remaining savings gap and plan the best approach to achieving those savings over the next few years, if additional funding is not received over and above that forecast. Additional funding may come from further increasing Council Tax in 2022-23 onwards, over and above the 2% increases forecast, up to referendum limits, further Government grants over and above those predicted or from increased business rates growth.

The table below summarises the savings originally identified in last year's Revenue Budget Report for 2021-22, changes made since then to arrive at the revised savings identified by department for 2021-22, and the level of achievement of 2021-22 savings for each department planned for 2021-22 and 2022-23.

	Original* 2021-22 Savings Identified £m	Changes £m	Revised 2021-22 Savings Identified £m	2021-22 Savings Achievable in 2021-22 £m	2021-22 Savings Achievable in 2022-23 £m
Adult Social Care and Health	7.607	0.000	7.607	3.350	4.257
Children's Services	1.972	-1.887	0.085	0.085	0.000
Economy, Transport and Environment	2.013	0.000	2.013	1.783	0.230
Commissioning, Communities and Policy	2.586	0.000	2.586	2.196	0.390
Total	14.178	-1.887	12.291	7.414	4.877

*In last year's Revenue Budget Report for 2021-22

The shortfall in 2021-22 savings achievable in 2021-22 for Economy, Transport and Environment of £0.230m; Commissioning, Communities and Policy of £0.390m and Adult Social Care and Health of £4.257m, which are planned to be achieved in 2022-23, will be met from the Budget Management Earmarked Reserve, as these are a result of the uncertainty over the timing of the savings, not their likelihood of being achieved. This agrees with the principles of meeting savings shortfalls with one-off support as agreed in the Revenue Budget Reports from 2017-18 to 2020-21.

The three departments will still be required to achieve their savings targets but the use of reserves in 2021-22 provides some flexibility to plan and achieve the target in later years. Base budgets will need to be in balance by 1 April 2022.

The savings proposals continue to mark a change from principles adopted for a number of years until 2020-21, with significant protection again for the Children's Services budget.

2(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 on certain matters to Council when it is making its statutory calculations required to determine its precept. The Council is required to take the report into account when making the calculations. The report must deal with:

- the robustness of the estimates included in the budget 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 Council to consider the professional advice of the Chief Finance Officer on these two matters.

This report has been drafted with all of these requirements in mind and this section in particular deals with these matters and their connection with matters of risk and uncertainty for the Council.

- **Estimation Processes**

There has been no change to the fundamental methods used in the preparation of the budget, this has ensured that many professional officers from a range of different disciplines are involved in a process which takes into account and evaluates all known facts. This was evidenced in the budget workshops held during Autumn 2020 with Grant Thornton. There continues to be great emphasis on assessing and evaluating all known changes, including pay and price levels, statutory changes and demands for service. None of these matters are omitted from advice to Members. The process is underpinned by the Council's integrated Risk Management Strategy, service improvement and Improvement and Scrutiny deliberations. In particular, emphasis is placed on the ability to maintain and develop services through a five year forward financial planning process linked to agreed Council Plan and Service Plan objectives.

- **Financial Resilience**

The Chartered Institute of Public Finance and Accountancy (CIPFA) has 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 Government funding cuts. Whilst the Financial Resilience Index has yet to be issued this year, it is not expected to show a marked change on that published last year.

- **Financial Management Code**

CIPFA has also designed the Financial Management Code (FM Code), to support good financial management, as well as demonstrating a local authority's financial sustainability, giving assurance that authorities are managing resources effectively. Complying with the standards set out in the FM Code is the collective responsibility of the Council's elected members, the S151 Officer and their professional colleagues in the Leadership Team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

The FM Code builds on elements of other CIPFA codes, such as The Prudential Code for Capital Finance, the Treasury Management in the Public Sector Code of Practice and the Code of Practice on Local Authority Accounting in the United Kingdom. By following its essential aspects, the Council will be providing evidence to show they are meeting important legislative requirements.

The Code is based on a series of principles supported by specific standards and statements which are considered necessary to managing 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.

Compliance is required in 2021-22. To demonstrate conformity with the FM Code's standards, a document evidencing the applicable parts of the Council's Constitution, Financial Regulations, reports and policies has been compiled. From work on this document to date it is evident that the Council already has a strong level of compliance with many aspects of the FM Code relevant to budget setting, including:

- Risk arrangements.
- The Chief Financial Officer's role within the Council.
- Budget and treasury management and strategy.
- Budget setting.
- Auditor Value for Money opinion.
- Capital strategy.
- Stakeholder engagement.
- Using reports to identify and correct emerging risks to the Council's financial sustainability.

A report was presented to Audit Committee on 8 December 2020 which provided an update on the progress made to date in addressing the principles of the Code.

A financial resilience assessment is also required. In producing the assessment, the sensitivity of financial sustainability to alternative plausible scenarios for the key drivers of costs, service demands, and resources will be considered. This will require an analysis of future demand for key services and consideration of alternative options for matching demand to resources. It is anticipated that ongoing work will demonstrate this assessment. It is planned to complete this work in March 2021, following the setting of the Revenue Budget for 2021-22 and ahead of closing the accounts for 2020-21. A short document will be produced, to support External Audit in arriving at their Value for Money opinion.

- **Spending Review 2020**

The Government's commitment to support additional social care funding by providing at least a £1bn Social Care Grant for each year of its term of office is welcome, as is the increase to £1.71bn in SR 2020. However, it is not enough to meet the rising cost pressures experienced by the Council to date and over the medium-term. This report and the response to the Provisional Settlement demonstrate the exceptional demand led pressures experienced by local authorities in recent years. The Fair Funding Review 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.

There is uncertainty around the variables used as part of the budget-setting process for 2021-22, exacerbated by the Covid-19 pandemic. There have been significant financial pressures as a result of the pandemic. However, planning has been based on what is known at this time. Whilst the Spending Review has provided some stability for the next financial year, the longer-term outlook remains unclear. All local authorities in the UK are faced with another period of uncertainty as there has been no indication from Government as to what of the likely parameters on future funding are likely to be and as a consequence what this means for the need for further austerity measures beyond 2021-22.

The Council has had sound financial management arrangements in place for a number of years, supported by a healthy, risk assessed five-year financial planning programme. It is because of these arrangements that the Council has been able to set balanced budgets year-on-year in the past and will be able to do so again for 2021-22. This does not mean that the setting of the 2021-22 revenue budget comes without risks which need to be properly identified and understood. The Council's revenue budget assumptions are predicated on making a 1% ASC Precept increase and a 1.5% general Council Tax increase, meaning a 2.5% Council Tax rise for residents. Setting a low Council Tax will mean that there will be some

difficult choices in respect of 2021-22 priorities, as well as placing greater reliance on one-off funding to manage risks and service pressures. However, those pressures are more manageable if the ASC Council Tax rise is taken in full over the two years indicated by the Government to minimise cost pressures in 2022-23, with the remaining 2% ASC Precept increase available in that year.

- **Pressures**

There is a significant commitment in the Council's 2021-22 revenue budget to provide an additional £26.8m of ongoing funding and £14.6m to support the Council's departmental service pressures:

- £12.7m of ongoing pressures allocated directly to departments and £4.1m of inflation on independent care fees;
- £10.0m of ongoing budget to a non-departmental social care contingency; and
- £9.7m of reserves for one-off departmental pressures and a further £4.9m to give one-off support to departments to meet temporary shortfalls in 2021-22 savings targets due to timing delays.

This commitment includes approximately £8m of ongoing budget growth for children's social care. The Children's Services budget has been under significant financial pressure for several years, despite significant additional ongoing budget increases and one-off funding, in particular aimed at meeting increases in the costs associated with rising numbers of looked after children. However, the fact remains that numbers are still rising, and predictive models currently used indicate a high degree of volatility in those numbers. In response to this, a significant additional sum of £10m has been set aside as a contingency in the 2021-22 revenue budget to address in-year social care pressures. The actual size of the social care contingency will depend on any decisions about Council Tax and any further allocation of S31 grants mentioned earlier in the report.

If current trends continue and the Government fails to provide adequate funding to support this, there will be further pressure on budgets in 2022-23 and in later years. The ability to estimate the value of these pressures or minimise demand is a challenge for the Council but needs clarity over the medium term.

This level of funding is considered to be affordable but with associated risks. In addition to the pressures recognised in the report for funding in 2021-22 there were a significant level of other pressure bids submitted by departments which were not recommended for additional funding and are not covered by contingency funding in the 2021-22 revenue budget. In many cases this reflects uncertainty as to whether these pressures will either arise at all or to the level first indicated by departments.

Consideration was given whether to include a further general contingency pressure, but this has not been possible, based on available funding. If these pressures do occur, the funding would initially come from the Council's General Reserve in 2021-22 but thereafter any such ongoing pressures must be met from additional savings that would need to be allocated to departments on top of those forecast.

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. Funding was made available in the 2020-21 budget to develop a range of measures. 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 streetlights 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. In recent years any year end overspending has tended to be met from the General Reserve rather than allocated to departments to find in the following year or from within their existing departmental reserves. In 2021-22 the ability to meet such pressures corporately will diminish based on medium term financial forecasts and departments should plan on the basis that they cannot rely on General Reserves to offset year end overspending.

The Council has in place a Reserves Policy which sets out the framework within which decisions will be made regarding the level of reserves. In line

with this framework the balance and level of reserves are regularly monitored to ensure they reflect a level adequate to manage the risks of the Council. This covers both the General Reserve and Earmarked Reserves. Details of the latest review are included in a separate report for consideration at this meeting.

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 £10m and £37m 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 £5m 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 £7m. This provides a worst/best case range of between £5m and £44m. In the Audit Commission's 'Striking a Balance' report published in 2012, the majority of Chief Finance Officers at the national level regarded an amount of between three and five per cent of councils' net spending as a prudent level for risk-based reserves. Over the medium term the Council's forecast figure is between 1.6% and 4.3%.

It is recognised that the forecast General Reserve balance over the medium term is lower than would be preferred. Restorative measures will be utilised over the period of the Five Year Financial Plan to build back up the balance of the General Reserve. There are further options around the funding of planned capital investment projects which could release in excess of £30m of revenue contributions to fund capital expenditure which could alternatively be funded from additional borrowing and the money utilised instead to ensure that the Council's General Reserve position remains at a reasonable, risk-assessed level.

The Council's FYFP has identified the need for significant savings in the medium term. The achievement of these savings is critical in ensuring that the Council balances its budget.

In order to achieve a balanced budget over the medium term, the Council is reliant on the achievement of a programme of budget savings. Progress against the budget savings targets will be closely monitored, however, lead-in times for consultation activity and increased demand on services, such as adult care and children in care demographics, mean that there is a continued risk of not achieving a balanced budget. Indeed certain budget savings that were identified in the last medium term plan have since proved to be unachievable and others need to be found to substitute for them.

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 likely to be depleted in 2021-22 and measures will need to be considered to replenish it.

The Council made the strategic decision to fund its capital expenditure in 2018-19 and 2019-20 from additional borrowing, rather than its revenue budget. These revenue contributions are held in an Earmarked Reserve (the Revenue Contributions to Capital Expenditure Earmarked Reserve), which is being held to supplement the use of the General Reserve and support the management of revenue budgets over the medium term. The Revenue Budget Report 2020-21 approved the use of one-off support for the revenue budget from this Earmarked Reserve and it proposed that there is further one-off support for the revenue budget in 2021-22. Further contributions to this Earmarked Reserve, in the region of £2m, should be possible in 2021-22.

Given the challenge of budgetary pressures and risk of savings delay, it is proposed that a one-off amount of £150,000 is allocated from the Council's General Reserve to fund, where there is considered to be merit in doing so, the use of external support to identify potential savings opportunities, by analysing similar councils' comparative spend and outcomes across the provision of services. The detail of the use to which this fund will be allocated will be considered at a future meeting of Corporate Management Team.

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

2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
24.491	14.841	13.191	12.141	9.591

Earmarked Reserves are required for specific purposes and are a means of smoothing out the costs associated with meeting known or predicted liabilities. These reserves have no specific limit set on them, but they should be reasonable for the purpose held and it must be agreed that they are used for the item for which they have been set aside.

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 2010.

Given the significant uncertainty regarding Covid-19, the EU Exit and local government devolution, together with the wide range of risks outlined below, it is vital that in setting the budget for 2021-22, consideration is also given to the financial years beyond it and the longer term financial sustainability of the Council.

If the Council is to achieve its Council Plan vision, it needs services to be delivered on a stable financial footing. Setting a balanced budget in each year of the FYFP will still require significant savings to be found by departments. The demand pressure work for both Adult's and Children's Services have the potential to realise significant savings, but it should be noted that it will be some years before they are fully achieved. The pandemic has slowed down the Council's savings programme and departments will be playing 'catch-up' in the next financial year whilst battling with delivering new savings proposals identified for 2021-22 and preparing for the far more substantial savings required from 1 April 2022 onwards. These savings can be 'soft landed' to a limited extent, in the short-term, but this means the Council has to make potentially significant calls on reserves to do so, which will reduce flexibility later in the FYFP period.

Over recent years the Government has expected councils to rely more and more on Council Tax and localised Business Rates to fund services. In Spending Review 2020 the Chancellor announced that core spending

power was projected to rise by 4.5% in cash terms in 2021-22. However, this increase is largely due to the ability of social care authorities to increase their Council Tax bills by up to 5%.

The additional social care grant funding announced in the Spending Review is welcome and helps to partly support the pressures on these vital services, however, all services will have to find further savings to already stretched budgets.

2020 comes at the end of a decade of austerity for local government. The Council has made well over £300m of savings during this period and whilst remaining committed to delivering value for money services, the ambition of the Council requires a significant period of transition to deliver the Strategic Approach as outlined in the Council Plan. There has to be a recognition that in some cases the Council may not be able to continue some services to the level it would like within the current funding envelope meaning some difficult decisions will be necessary.

Council Tax rises on households, many of which will be struggling as they cope with unemployment and an uncertain future, is a difficult decision. However, it is the single most effective way of providing base budget to support the delivery of services and maintain financial sustainability over the longer term. In the early days of the pandemic billing authorities anticipated that many households would struggle to pay Council Tax bills and there was an expectation that direct debit cancellations would be abundant. This has not transpired. Collection rates are only down by around 1% at present.

2(j) Five Year Financial Plan

The Council's FYFP is reviewed and updated at least annually. It was updated and reported to Cabinet on 11 September 2019 and Council in February 2020. 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.

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

Risks and Uncertainties

- **Achievement of Savings** – there is a reliance on the achievement of a programme of budget savings. Any delays in implementation result in departmental overspends for which reserves must be used. In a pessimistic General Reserve forecast, the balance is just 1.6% of forecast FYFP spending in 2025-26, which is below the recommended level. Other earmarked reserves available for budget management are

also forecast to reduce. The General Reserve needs to be preserved across the medium term to maintain financial sustainability and preserve the ability to soft land budget cuts to a limited extent.

- **Service Pressures** – there is a commitment to support budget growth for children’s social care. However, if current trends continue regarding placements and there is inadequate funding to support this, there will be further pressure on budgets in later years. However, the proposal to consider demand pressures on looked after children has the potential to mitigate some of these financial pressures but they will not be realised in the short-term. Demographic growth continues to affect Adult Social Care costs. Predictions show that the Council will experience further annual growth, with additional annual costs estimated over the period of the FYFP.
- **Economic Climate** – the Covid-19 pandemic has resulted in a significant economic shock, from which it will take some time to recover. Higher unemployment increases demand on local authority services, whilst at the same time there is likely to be a loss of income for discretionary services.
- **Spending Reviews** – the Government has issued single year spending reviews for the last two financial years, which does not help local authorities with medium-term financial planning. Councils need a multi-year settlement that supports both financial and service planning. There is also a risk that the Government’s investment in the Covid-19 pandemic may result in further austerity measures in future years.
- **Fair Funding and Business Rates Reviews** – the reviews have been delayed for a number of years and the planned implementation for April 2021 has been postponed again. A transparent, fair funding system is required, which reflects need. The FYFP is predicated on the basis that mainstream funding continues as it is now.
- **Public Health Grant** – it is disappointing that the Spending Review, nor the announcements alongside the Provisional Settlement, did not include additional funding for Public Health. This runs contrary to addressing the health inequalities exposed by Covid-19 and levelling up communities. There was confirmation that the grant will continue to be maintained and that the Government will set out further significant action that it is taking to improve the population’s health in the coming months, with no clear indication as to what this means
- **Local Government Reorganisation** – the expected Devolution White Paper has been further delayed and there are no firm dates as to when the Government will publish it.

- **Brexit** – whilst a deal has been agreed with the EU there remains uncertainty as to how the agreement will work in practice.
- **Covid-19 Financial Pressures** - the Spending Review and Provisional Settlement confirmed that local authorities would be provided with additional funding in 2021-22. It is hoped that this funding will be sufficient and will be distributed in a manner that reflects the cost pressures faced by individual local authorities. Whilst the roll-out of vaccinations provides hope of a return to some degree of normality next summer, there is the potential for further spikes and subsequent and continuing restrictions as the country moves into and out of winter, particularly in respect of the recently identified and more infectious strains. Doing so may result in additional costs depending on the severity of the restrictions.

Further significant risks are illustrated below.

Local Taxation

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

- **Current national and local economic conditions** - including inflation levels, economic growth rates, interest rates and unemployment levels, impacting on Business Rates, Council Tax and income from fees and charges. Covid-19 is severely affecting the finances of Derbyshire residents and local businesses, although additional support mechanisms have been put in place.
- **Collection of amounts owed** – collection fund deficits for both Council Tax and Business Rates result and increase when there is a reduction in collection rates and this depends on the effectiveness of local borough and district councils, as well as on economic conditions.
- **Business Rates appeals** – exposure to appeals against rate valuations and avoidance of the tax. Whilst some appeals will go in the favour of local authorities, the uncertainty of the outcome and lack of knowledge about the timing of the decision means that councils are forced to accept a significant, unpredictable financial risk, impacting on the availability of funding for services.
- **Business Rates as taxation** – it is presently not known how the Government's commitment to conducting a fundamental review of

Business Rates as a tax, engaging with businesses and local authorities might affect the Business Rates Retention system or future Local Government funding arrangements.

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

Service Pressures

The increasing importance of the identification of the nature and size of future budget pressures will require changes to the horizon scanning currently undertaken by departments, in order to reduce risks inherent in formulating and planning to meet pressures in the FYFP. The Council is working towards agreed methodologies for quantifying the cost implications of the areas of large and consistent budget pressure bids and ensuring these are adequately reflected in risk registers, alongside suitable mitigations, but there is still more work required in this area.

All other budgetary pressures will need to be contained within departmental budgets. Where departments overspend from 2021-22 onwards, the Council's policy of ensuring that the departmental overspend is met from that department's budget in the following year will be expected after several years of meeting these costs corporately from the General Reserve.

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

Children's Social Care

As an upper tier authority, the Council is responsible for providing children's social care services, 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).

At the start of the current calendar year, Local Government Association research highlighted that the number of children in care had risen by 28% in

the past decade. 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 picture is being reflected in Derbyshire. More children have had to be placed with external providers rather than in-house foster carers.

The National Audit Office highlighted in a report published in 2018 that overspend on social care have been the drivers of overall service overspend in single-tier and county councils. There were overspend in the Council's Children's Social Care budget in each of the four years from 2016-17 and an overspend is forecast in 2020-21, despite local investment in the service. 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 when there is already substantial strain placed on the Children's Social Care budget.

The Council, along with many other local authorities in the country, and the Local Government Association, has expressed concern regarding substantial increases in the cost of children's social care, urging Government to provide additional funding for the service. During 2019 the Council spoke to Derbyshire MPs to reiterate the need for Fair Funding and in July 2019 met with the Secretary of State on this matter. A meeting with MHCLG is scheduled for early 2021.

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:

- For 2020-21, the centrally held DSG budgets are forecast to underspend by £0.616m. However, within this total, the main pressure continues to be in respect of High Needs Block budgets which are forecast to overspend by £1.212m. The December 2020 DSG announcement provided for an increase in High Needs funding of £9.195m (11.5%), which should be enough to meet expected costs next year.
- 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 2% and 6.25%. For 2021-22, the increase is 2.2%. 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 up to an additional £13m each year.

Waste

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 develop a New Waste Treatment Facility (NWTF) in Sinfen, 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 two-year contract.

Work had been progressing on the facility to determine its condition and capability, however due to the measures introduced by the UK Government to counter the Covid-19 pandemic, work on site has been affected. 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.

The councils are in negotiations to pay 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 streetlights has done.

Budget Savings

Budget savings identified must be achieved. Any reduction in the amount achieved will continue to be at the relevant department's risk and will require other savings to be made to offset them. Further savings need to be identified in detail over the medium term and in order to aid planning. This is particularly necessary given the increased savings gap.

Council Plan Priorities

Council Plan priorities have been considered within the context of budget restraint.

Summary

The degree of uncertainty over medium term funding can be related to the following issues in particular:

- the increasing likelihood of councils issuing S114 notices allied to the requirements of the Financial Management Code for transparency in the sustainability of individual local authorities;
- the continuing increase in pressures;
- the need to maintain a significant and risk assessed level of reserves over the medium term; and
- the increasing difficulty in making significant and sustainable budget reductions.

The Council has a well-established and robust corporate governance framework. This includes the statutory elements like the post of Monitoring Officer and the Section 151 Officer in addition to the current political arrangements. The impact of Covid-19 will have an effect on financial sustainability and has been considered. That aside, there are no further material issues identified through the Council's Annual Governance Statement process that may significantly impact on the Council's Financial Resilience.

The Council is working with the Local Resilience Forum on Covid-19 recovery. The Council's focus is still firmly on the response activities and the Council is

working with a range of partners locally and regionally on a Covid-19 recovery programme.

As a principal local authority, the Council has to operate within a highly legislated and controlled environment. An example of this is the requirement to set a balanced budget each year, combined with the legal requirement for the Council to have regard to consideration of such matters as the robustness of budget estimates and the adequacy of reserves. In addition to the legal framework and Government control, there are other factors, such as the role undertaken by the external auditor, as well as the statutory requirement, in some cases, for compliance with best practice and guidance published by CIPFA and other relevant bodies. For example, the Council has measured itself against the principles set out in CIPFA's Financial Management Code and is confident that it is achieving these in all substantive areas.

Against this backdrop it is considered unlikely that a local authority would be 'allowed to fail', with the likelihood being that when faced with such a scenario, that Government would intervene, supported by organisations such as the Local Government Association, to bring about the required improvements or maintain service delivery.

However, given the severity of this pandemic on the country's finances, it would be complacent to rely on Government intervention. MHCLG has conceded that authorities could still be left with unmanageable pressures and may continue to be concerned about their future financial position, urging any authority that found itself in that position to contact the department with immediate effect.

Whilst the Council has deployable resources and assets at its disposal in the short to medium term, there remains a risk to its financial sustainability in the longer term from costs associated with Covid-19 and of not achieving substantial budget savings.

The Section 151 Officer has the power to issue a Section 114 notice if there is a significant risk that the Council will not be in a position to deliver a balanced budget by the end of the current financial year. This is an emergency situation where a response is required by legislation. The notice means that no new expenditure is permitted, with the exception of safeguarding vulnerable people and statutory services and continuing to meet existing contract obligations. Despite the current financial pressures there is no intention at this time to issue a Section 114 notice.

It is unclear how much further Government support will be provided to cover the costs resulting from the pandemic; these costs are expected to be well in excess of the support already provided. It is encouraging that a new round of Covid-19 funding has been announced, into 2021-22, as the second wave of

the pandemic is escalating in severity. Although the immediate impact of losses on the Council Tax and Business Rates collection funds has been eased, by allowing these costs to be spread over three years instead of one, the Government's has only committed to reimburse councils for some of these losses. It is also apparent that Government will only provide compensation for some of the Council's lost income from fees and charges. Consideration will be required as to how the Council can react to replace these income streams if they fail to recover to pre-Covid-19 levels.

Despite these risks, the Council has sufficient reserves it can deploy to meet the anticipated funding shortfall, should it be required to do so. If it were to use its reserves for this purpose, however, this would significantly impact on the funding of the Council's planned improvements, delay some savings plans and require additional general reserves to be set aside in order to ensure that the balance of general reserves remains at a prudent risk-assessed level. Due to the Council's Treasury Management Strategy over the last decade being to use internal borrowing, rather than take on new long-term external borrowing, the Council has head-room, within the scope of its powers under the Prudential Framework, to take on additional external borrowing to preserve the liquidity of its cash flow, should it need to do so.

Experience and investigations into those councils experiencing financial failure demonstrates that periods of lower than allowed Council Tax rises can contribute significantly to exacerbate other financial issues, such as reducing Government support, increasing budget pressures, an overly-optimistic savings programme or lack of strength on the Balance Sheet.

Having regard to the Council's arrangements and the factors as highlighted in this report, the Director of Finance & ICT as Section 151 Officer concludes that Derbyshire County Council can set a balanced budget for 2021-22 and across the period of the FYFP and that it remains a going concern, although it will continue to require difficult decisions to be made and strong, robust financial management to continue.

2(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. The responses to that consultation exercise must be conscientiously taken into account when this decision is taken.

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. Due to an oversight in the compilation of the Council's Forward Plan of Reports, the Revenue Budget Report was not identified and published as a key decision with 28 days' notice as it should have been. However, the Chair of the Council's Improvement and Scrutiny Committee has subsequently agreed to the Revenue Budget Report being treated as a key decision.

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 2021-22 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 2021-22. 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 Review 2020.

Provisional Local Government Finance Settlement 2021-22 – Department for Communities and Local Government.

Initial budget Equality Impact Assessment.

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

8 Officer's Recommendations

That Council:

- (i) Notes the details of the Spending Round 2020 and Provisional Local Government Finance Settlement as outlined in sections 2 (b) and 2 (c).
- (ii) Notes the Government's expectations about Council Tax levels for 2021-22 in section 2 (d).
- (iii) Approves the precepts as outlined in section 2 (d) and Appendix Three.
- (iv) Approves that billing authorities are informed of Council Tax levels arising from the budget proposals as outlined in section 2 (d) and Appendix Three.
- (v) Approves the contingency to cover non-standard inflation as outlined in section 2 (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 2 (g) and Appendix Four.
- (vii) Approves the level and allocation of budget savings as outlined in section 2 (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 2 (i).
- (ix) Notes the details of the Council's consultation activity as outlined in section 2 (k).
- (x) Approves the Council Tax requirement of £348.873m which is calculated as follows:

(xi)

	£
Budget Before Pressures and Budget Reductions	551,867,145
Plus Service Pressures – on-going	19,310,170
Plus Adult Social Care Precept	3,405,830
Plus Service Pressures - one-off	16,136,000
Less Budget Reductions	-13,291,000
Decrease in Debt Charges	-5,000,000
Decrease in Risk Management Budget	-2,083,958
Decrease in Interest Receipts	2,182,000
Net Budget Requirement	572,526,187
Less Top-Up	-94,891,733
Less Business Rates	-17,679,000
Less Revenue Support Grant	-13,813,482
Less New Homes Bonus	-1,548,507
Less General Grant	-69,080,490
Less PFI Grant	-10,503,833
Less Use of Earmarked Reserves	-16,136,000
Balance to be met from Council Tax	348,873,142

- (xii) Approves the allocation of a one-off amount of £50,000 from the Council's General Reserve to fund the use of external support to identify potential savings opportunities by analysing similar councils' comparative spend and outcomes across the provision of services.
- (xiii) Approves the use of the Revenue Contributions to Capital Expenditure Earmarked Reserve to provide one-off support to the 2021-22 Revenue Budget.
- (xiv) 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 2021-22.

PETER HANDFORD

Director of Finance & ICT

**Public
Appendix One**

SERVICE	Adjusted Base		Pay and		Ongoing Pressures	Adult Social Care Precept	Budget Savings Target	Base Budget Ongoing	One off Pressures	Budget 2021-22	
	Adjusted Base	Funding Changes	after Funding Changes	Price Inflation							Base Plus Inflation
	£	£	£	£							£
Adult Social Care and Health	258,663,099	0	258,663,099	1,337	258,664,436	-611,830	3,405,830	-7,607,000	253,851,436	8,291,000	262,142,436
Children's Services	110,901,986	0	110,901,986	3,254	110,905,240	8,000,000	0	-85,000	118,820,240	2,525,000	121,345,240
Economy, Transport and Environment	76,458,720	0	76,458,720	3,944	76,462,664	875,000	0	-2,013,000	75,324,664	3,030,000	78,354,664
Commissioning, Communities and Policy	61,423,093	0	61,423,093	37,189	61,460,282	1,047,000	0	-2,586,000	59,921,282	790,000	60,711,282
Service Totals	507,446,898	0	507,446,898	45,724	507,492,622	9,310,170	3,405,830	-12,291,000	507,917,622	14,636,000	522,553,622
Plus Contingency	0	0	0	6,426,000	6,426,000	10,000,000	0	-1,000,000	15,426,000	1,500,000	16,926,000
Plus External Debt Charges	33,598,480	0	33,598,480	0	33,598,480	-5,000,000	0		28,598,480	0	28,598,480
Plus Risk Management Budget	10,548,043	0	10,548,043	0	10,548,043	-2,083,958	0	0	8,464,085	0	8,464,085
Less Interest Receipts	-6,198,000	0	-6,198,000	0	-6,198,000	2,182,000	0	0	-4,016,000	0	-4,016,000
Net Budget Requirement	545,395,421	0	545,395,421	6,471,724	551,867,145	14,408,212	3,405,830	-13,291,000	556,390,187	16,136,000	572,526,187
FUNDED BY:											
Council Tax	342,663,158	6,209,984	348,873,142	0	348,873,142	0	0	0	348,873,142	0	348,873,142
Top Up	94,891,733	0	94,891,733	0	94,891,733	0	0	0	94,891,733	0	94,891,733
Business Rates	20,067,433	-2,388,433	17,679,000	0	17,679,000	0	0	0	17,679,000	0	17,679,000
Revenue Support Grant	13,737,515	75,967	13,813,482	0	13,813,482	0	0	0	13,813,482	0	13,813,482
New Homes Bonus	2,325,987	-777,480	1,548,507	0	1,548,507	0	0	0	1,548,507	0	1,548,507
General Grant	61,205,762	7,874,728	69,080,490	0	69,080,490	0	0	0	69,080,490	0	69,080,490
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	16,136,000	16,136,000
	545,395,421	10,994,766	556,390,187	0	556,390,187	0	0	0	556,390,187	16,136,000	572,526,187

Response to Provisional Local Government Finance Settlement



Local Government Finance Settlement Team
Ministry of Housing, Communities and Local Government
2nd floor, Fry Building
2 Marsham Street
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County Hall
Matlock
Derbyshire DE4 3AH

Telephone (01629) 538950
Ask for: Eleanor Scriven
Our ref: ES/SP
Date: 15 January 2021

Dear Sir/Madam

Provisional Local Government Finance Settlement 2021-22

The Council welcomes the opportunity to respond to the Provisional Local Government Finance Settlement 2021-22, details of which were published on the 17 December 2020. 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 2021-22 includes £150m of new money in respect of a £300m increase in the Social Care Grant, to £1.71bn nationally. In addition, Councils will have the option to raise up to £700m more for adult social care, where needed, through additional Council Tax flexibilities.

However, there remains a substantial unresolved funding gap between the cost of service demand and the resources available.

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 National Living Wage has increased annually by between 4% and 7%. For 2021-22 the increase is lower, at 2.2%. These increases directly impact on the fees the Council pays to the independent sector. If this level of increase is to continue it could cost the Council an additional £13m each year.

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).

At the start of the current calendar year, Local Government Association research highlighted that the number of children in care had risen by 28% in the past decade. 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 picture is being reflected in Derbyshire. More children have had to be placed with external providers rather than in-house foster carers.

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. There were overspends in the Council's Children's Social Care budget in each of the four years from 2016-17 and an overspend is forecast in 2020-21, despite local investment in the service. 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 when there is already substantial strain placed on the Children's Social Care budget.

The Council, along with many other local authorities in the country, and the Local Government Association, has expressed concern regarding substantial increases in the cost of children's social care, urging Government to provide additional funding for the service. During 2019 the Council spoke to Derbyshire MPs to reiterate the need for Fair Funding and in July 2019 met with the Secretary of State on this matter. A meeting with MHCLG is scheduled for early 2021.

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 £1.8bn in 2019-20 nationally. In 2020-21 the iBCF additionally incorporated £240m of funding allocated as a Winter Pressures Grant in 2019-20, no longer ring-fenced for alleviating NHS winter pressures. For 2021-22, funding has been maintained at 2020-21 cash terms levels.

The £1.71bn Social Care Grant in 2021-22 consists of £300m new Social Care Grant and direct continuation of the 2020-21 £1.41bn Social Care Grant. It is imperative that this level of funding for social care continues over the medium to support the financial sustainability of social care services. Without this level of funding, services will be at breaking point. The Council has adopted innovative solutions to the delivery of adult social care services across the county which will realise significant savings over the medium-term. However, the advent of Covid-19 has resulted in delays to the programme. Even with the planned level of savings being achieved, there is still rising demand for services.

Local authorities have risen to the challenge of austerity during the last decade and the Council has stepped up to that challenge with its Enterprising Council approach. The Council continues to review the way it delivers its services, ensuring residents receive value for money in the services which are provided to them. To ensure an effective response to the recovery from Covid-19 requires significant investment in the local infrastructure to strengthen Derbyshire's local economy, coupled with continued and increased financial support to address rising demand for social care services.

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

The Council would welcome a multi-year financial settlement to aid medium-term financial planning. A renewed commitment and timeframe for implementation of the Fair Funding Review is needed to ensure that the historic resource equalisation flaws in the current funding methodology are addressed.

The Council therefore welcomes the Government's expression of intent in the Provisional Local Government Finance Settlement 2021-22, once the pandemic is over, to continue to work with local government to understand the lasting impact it has had on both service demands and revenue raising, then to revisit the priorities for reform of the local government finance system, taking account of wider work on the future of the business rates tax and on the Adult Social Care system, with final decisions taken in the context of next year's Spending Review.

Question 1: Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2021-22?

The Council agrees with the proposed methodology as this provides local authorities with the certainty required for 2021-22 in order to facilitate the setting of budgets within the prescribed timeframes.

However, the Council would request that the Government provides local government with the funding certainty required over the medium term at the earliest opportunity. Multi-year settlements are important in determining the long-term sustainability of the services provided by local authorities. Without a multi-year settlement, local authorities may have to make decisions which require reductions in spending and cessation of discretionary services. A multi-year settlement provides for meaningful decisions to be made to support financial sustainability.

Having a multi-year settlement is justified as recovery is now a vital phase in responding to the Covid-19 pandemic. Local authorities along with their partners will be the key drivers of local economic growth. Local authorities need to plan and shape their economic strategies, which is difficult when presented with a one-year settlement.

Question 2: Do you agree with the proposed package of council tax referendum principles for 2021-22?

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 3% to support service pressures, in addition to the £300 million of new funding allocated for social care in 2021-22, to a total of £1.71 billion.

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 3: Do you agree with the Government's proposals for the Social Care Grant in 2021-22?

The Council welcomes the Government's decision to again provide additional funding for social care and to increase that funding. 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 4: Do you agree with the Government's proposals for iBCF in 2021-22?

The Council is pleased to see that the improved Better Care Fund allocations will carry forward into 2021-22, however, local authorities will be expecting confirmation of iBCF funding beyond 2021-22, 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 5: Do you agree with the Government's proposals for New Homes Bonus in 2021-22?

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 2021-22 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. Although the Council is disappointed by the previously announced removal of legacy payments on new NHB allocations for 2020-21 and 2021-22, which means that the Council's NHB income has decreased by £0.8m in 2021-22, the Council has benefited from some of the £278m reallocated from the NHB as a result.

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 welcomes the Government's commitment to reforming the NHB, with 2021-22 being the final year under the current approach and looks forward to reviewing the consultation document on the future of the NHB, including options for reform. The Council considers that the funding allocated for the NHB, the £900m top-sliced from RSG at the inception of the NHB, should be allocated on the basis of need.

Question 6: Do you agree with the Government's proposal for a new Lower Tier Services Grant, with a minimum funding floor so that no authority sees an annual reduction in Core Spending Power?

The Council does welcome the use of £111m re-allocated from the £900m NHB RSG top-slice to fund a new un-ringfenced Lower Tier Services Grant for local authorities with lower tier services such as homelessness, planning, recycling and refuse collection, and leisure service in 2021-22. The Government is clear that this funding is in response to the current exceptional circumstances due to the Covid-19 pandemic and is a one-off. However, the Council considers that the £900m NHB top-sliced at the inception of the Scheme should be reallocated on the basis of ongoing need from 2022-23, following the consultation which has been announced on its future.

Question 7: Do you agree with the Government's proposals for Rural Services Delivery Grant in 2021-22?

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.

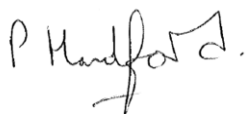
Question 8: Do you have any comments on the Government's plan not to publish Visible Lines?

Visible Lines showed a notional allocation for grants that were rolled into the settlement at previous Spending Reviews, most of them before 2016. As these allocations were entirely notional as the core settlement is not ringfenced and they do not impact on settlement distribution or represent an expectation from Government of local expenditure levels, the Council does not object to the removal of Visible Lines for grants that were rolled in prior to 2016. However, the Council does welcome that consideration will be given to again publishing Visible Lines for the duration of future Spending Reviews if forward profiles are available for grants rolled into the settlement.

Question 9: Do you have any comments on the impact of the proposals for the 2021-22 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%, and for 2021-22 allowing deferral of some or all the maximum 3% ASC Precept, 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. A renewed commitment and timeframe for implementation of the Fair Funding Review is needed to ensure that the historic resource equalisation flaws in the current funding methodology are addressed.

Yours faithfully



Peter Handford
Director of Finance & ICT

Council Tax

Taxbase

	Equivalent Band D Properties 2020-21	Equivalent Band D Properties 2021-22	Change %
Amber Valley	39,909.63	39,643.45	-0.67%
Bolsover	22,169.60	22,026.33	-0.65%
Chesterfield	29,181.08	29,268.96	0.30%
Derbyshire Dales	29,828.68	29,976.17	0.49%
Erewash	33,699.90	33,711.80	0.04%
High Peak	30,970.00	30,904.00	-0.21%
North East Derbyshire	31,263.33	31,658.37	1.26%
South Derbyshire	34,474.00	35,218.00	2.16%
	251,496.22	252,407.08	0.36%

Collection Fund

	2020-21 £	2021-22 £	2022-23 £	2023-24 £
Amber Valley	570,802	-143,363	-158,544	-158,544
Bolsover	-450,631	-453,380	-232,448	-232,448
Chesterfield	693,096	-191,318	-162,556	-162,556
Derbyshire Dales	512,434	-397,997	-46,653	-46,653
Erewash	541,691	540,000		
High Peak	458,170	-464,615	-160,626	-160,626
North East Derbyshire	397,090	6,208	-106,278	-106,278
South Derbyshire	587,200	880,948	-173,987	-173,987
	3,309,852	-223,517	-1,041,092	-1,041,092

The Council Tax collection fund deficit for 2021-22 is estimated at £2.306m, although this figure is not final. Billing authorities have until 31 January 2021 to confirm in writing their final collection fund estimates; the latest provisional figures are included above. There have been difficulties for billing authorities forecasting during the Covid-19 pandemic, and billing authorities require time to consider the recent announcements of the Local Income Tax Guarantee Scheme for 2020-21 and the Local Council Tax Support scheme. This means that final collection fund estimates are being received later than is usual. A verbal update will be provided at the meeting.

Council Tax Amounts

Band	2020-21	2021-22	General	ASC	Total	Number of
	£	£	Increase	Increase	Increase	Properties
			£	£	£	
A	899.56	922.05	13.50	8.99	22.49	135,700
B	1,049.49	1,075.72	15.74	10.49	26.23	83,010
C	1,199.41	1,229.40	18.00	11.99	29.99	61,390
D	1,349.34	1,383.07	20.24	13.49	33.73	41,020
E	1,649.19	1,690.42	24.74	16.49	41.23	25,230
F	1,949.05	1,997.77	29.23	19.49	48.72	12,400
G	2,248.90	2,305.12	33.74	22.48	56.22	7,000
H	2,698.68	2,766.14	40.48	26.98	67.46	550
						366,300

Precept Amounts

	Amount	Collect Fund	Amount
	Collected	Surplus/	Actually
	£	(Deficit)	Due
		£	£
Amber Valley	54,829,666	-143,363	54,686,303
Bolsover	30,463,956	-453,380	30,010,576
Chesterfield	40,481,021	-191,318	40,289,703
Derbyshire Dales	41,459,141	-397,997	41,061,144
Erewash	46,625,779	540,000	47,165,779
High Peak	42,742,395	-464,615	42,277,780
North East Derbyshire	43,785,742	6,208	43,791,950
South Derbyshire	48,708,959	880,948	49,589,907
	349,096,659	-223,517	348,873,142

Service Pressures

Social Care Contingency – Total £10,000,000 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 2021-22. In such circumstances, the Managing Executive Director and Director of Finance & ICT will be responsible for making the decision on the allocation of budgets.

Adult Social Care and Health – Total - £2,794,000 ongoing, £8,291,000 one-off

Demographic Growth - £2,794,000 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.

Independent Living Fund (ILF) - £2,534,000 one-off

In 2015 local authorities in England became responsible for supporting clients previously supported through the ILF. The Government originally committed to providing funding until 2019-20. Funding was then extended to 2020-21 with no increase. The Provisional Settlement for 2021-22 did not announce whether funding would again be received, and one-off support is required pending receipt of any further information.

Assistive Technology - £1,500,000 one-off

One-off funding is required to pump prime the development of a county wide Assistive Technology service. The funds will be used to establish a strategic development partner that will be tasked with streamlining the current service offer, to generate service efficiencies which will be used to help fund this service into the future. The service delivery arrangements will contribute towards future demand management.

Budget Support - £4,257,000 one-off

The shortfall in the 2021-22 savings target for Adult Social Care and Health of £4.257m will be met from the Corporate Budget Management Earmarked Reserve for 2021-22 only, as the shortfall is as a result of the uncertainty over the timing of the savings, not the likelihood of achievement. Adult Social Care and Health will still be required to achieve the £7.607m savings target for 2021-22 but the use of reserves in 2021-22 provides some flexibility to plan and achieve the target in later years. Base budget will need to be in balance by 1 April 2022.

Children's Services – Total - £8,000,000 ongoing, £2,525,000 one-off

Agency Placements and Future Demand for Services - £5,400,000 ongoing

The increase in the number and complexity of children being taken into care has meant that more children must be placed with external providers rather than in-house provision. This has led to an increase in costs. This is the estimated additional cost in 2021-22 of expected placements based on the current levels of demand.

It is considered that 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 2021-22. This increase in demand is being experienced nationally. 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. Ongoing contingency funding for social care has additionally been set aside and may be called upon should increases in demand continue, and it is demonstrated to the satisfaction of the Head of Paid Service and Director of Finance & ICT, who will make the allocation of budget decision, that the Children's Services budget requires additional support in 2021-22.

Social Workers - £1,300,000 ongoing

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.

Special Needs Transport - £620,000 ongoing

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.

Mainstream Home to School Transport - £680,000 ongoing

To cover the increased costs in the sector of fuel, salaries and compliance requirements.

Legal Costs - £950,000 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.

Leaving Care Services - £510,000 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.

Sports and Outdoor (SORE) - £362,000 one-off

Funding is to support the service during 2021-22 pending a review of the needs of the service moving forwards.

Programme Management - £333,000 one-off

One year funding to continue dedicated project resource to effect change and deliver one-off initiatives within Children's Services. A review of programme management is currently taking place across the Council.

Process Improvement - £193,000 one-off

To fund a dedicated team to review and improve processes within Children's Services. It is intended that efficiencies from improved processes will help contribute to reduce the department's overspend and will enable the team to be funded from the savings achieved.

Participation - £177,000 one-off

To develop a strategic network to replace Derbyshire Youth Council, to increase participation in development of SEND services by children and families in Derbyshire, to increase the participation of care-leavers and to maintain current levels of participation from other children and young people. This allocation covers work proposed for 2021-22 and 2022-23.

Commissioning, Communities and Policy – Total – £1,047,000 ongoing, £790,000 one-off

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 £200,000 each year, over the five-year ICT Strategy period. The Value for Money priority detailed in the Council Plan has identified the embedding of remote working to support an agile and flexible workforce as a key deliverable. Continued developments and enhancements to the ICT Service offering are key enablers to ensure that this can happen.

ICT Telephony - £433,000 ongoing

The current contract for the Council's telephony solution expires in 2021. A telephony strategy has been produced to better understand the telephony requirements for the Council moving forward and this has highlighted the need for a system with greater flexibility that can meet the needs for agile and remote working. In order to meet these requirements in the most cost-effective way, a soft telephony solution is required, for which additional funding is required to purchase the required licences.

ICT Customer Service Platform - £75,000 ongoing

So that ICT can improve the direct service it provides, there is a need to invest in a new customer service system to support the ICT Service Desk and self-service offering. If the cost of the system is higher than £75,000 then the additional cost will be met from improvements in service efficiency.

Voluntary and Community Sector (VCS) Infrastructure - £199,000 ongoing

Funding is required to support the costs of continued VCS infrastructure provision across the county following a recent review. The funding will support the development of a more equitable distribution of funding across the county, recognising the contribution the sector makes in supporting communities across Derbyshire. Investment in the sector is likely to save the Council resources in the medium term and longer term.

Performance Monitoring and Reporting - £140,000 ongoing

The Council needs effective mechanisms to monitor and report on performance and the integration of performance and financial information is required to support effective decision making. Whilst some progress has been made, capacity is limited. Additional resources are required to create a performance service partner role to support the ongoing development and implementation of the corporate performance framework, whilst also supporting the annual Council Plan refresh and service planning process.

Legal Services - £300,000 one-off

There is pressure on the legal services budget arising from a sustained increase in demand for all services, especially for childcare legal advice and representation. Legal Services intend to introduce a new model of delivery which should help to reduce the spending on external legal services and stabilise costs over time.

Digitisation of Employment Records - £100,000 one-off

Historic employment records are held in paper format at an off-site location. Funding is required to save the records in a digital format. This will reduce off-site storage costs and reduce the ongoing cost of maintaining and accessing records.

Budget Support - £390,000 one-off

The shortfall in the 2021-22 savings target for Commissioning, Communities and Policy of £390,000 will be met from the Corporate Budget Management Earmarked Reserve for 2021-22 only, as the shortfall is as a result of the uncertainty over the timing of the savings, not the likelihood of achievement. Commissioning, Communities and Policy will still be required to achieve the £2.586m savings target for 2021-22 but the use of reserves in 2021-22 provides some flexibility to plan and achieve the target in later years. Base budget will need to be in balance by 1 April 2022.

**Economy, Transport and Environment – Total - £875,000 ongoing,
£3,030,000 one-off**

Winter Maintenance - £700,000 ongoing

This funding will realign the winter maintenance budget so it more accurately reflects winter maintenance expenditure required in a mild winter. If the winter is less mild, then any overspend will be covered by the Winter Maintenance reserve.

Emergency Planning - £105,000 ongoing

To put a structure in place to fully reflect the responsibilities and work required to discharge the Council's statutory duties under the Civil Contingencies Act in planning, training and exercises, and to provide an effective response to incidents, especially lengthy ones. In addition, to provide support to the Local Resilience Forum and sub-groups on behalf of the Council.

Employment and Skills - £70,000 ongoing

The Employment and Skills Action Plan was approved in 2019. Skills development is a major priority for the Derbyshire and Nottinghamshire (D2N2) area, with a strategic partnership board that is serviced by its upper tier authorities, including the Council. Employment and skills have been highlighted as a critical part of the Covid-19 recovery for Derbyshire. Additional funding is required to deliver on these priorities.

Regeneration Kick-Start - £2,000,000 one-off

There is a need to 'kick start' capital projects that can bring forward good growth for Derbyshire: providing housing, jobs and skills. Where these projects involve bids for external grant funding, they will always require significant up-front investment before the grant is confirmed. This investment will cover costs such as economic and transport modelling, preliminary design and cost estimating, planning consent, land assembly (in order to demonstrate deliverability for funders) and business case assembly.

Elvaston Castle Masterplan - £550,000 one-off

Cabinet approved the Elvaston Castle Masterplan in 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.

HS2 - £250,000 one-off

To ensure that Derbyshire maximises the long term economic benefits which the HS2 project will bring, whilst at the same time limiting the negative impacts it will cause to some communities, it is essential that the Council invests in a project delivery team and relevant specialist support to increase its activity during the parliamentary bill process, which will establish how the line will be built, the designs of key elements of infrastructure as well as other measures which HS2 will need to include in the final project.

Budget Support - £230,000 one-off

The shortfall in the 2021-22 savings target for Economy, Transport and Environment of £230,000 will be met from the Corporate Budget Management Earmarked Reserve for 2021-22 only, as the shortfall is as a result of the uncertainty over the timing of the savings, not the likelihood of achievement. Economy, Transport and Environment will still be required to achieve the £2.013m savings target for 2021-22 but the use of reserves in 2021-22 provides some flexibility to plan and achieve the target in later years. Base budget will need to be in balance by 1 April 2022.

BUDGET SAVINGS PROPOSALS 2021-22

Adult Social Care and Health – Total - £3,350,000

Continuation from Previous Years Schemes:

Better Lives - Whole life disability pathway - £507,000

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.

Continuation from Previous Years Schemes:

Better Lives - Older people's pathway - £1,210,000

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.

Review Prevention Services - £150,000

Efficiency savings in the Prevention Service.

Reduce Agency Spend - £400,000

To realign the direct care workforce to deliver the Better Lives programme in order to reduce agency usage within homes for older people and extracare. It would also require corporately recommissioning the council's agency staffing contract to create more favourable terms for the local authority.

Finance Review - £345,000

Review of Client Financial Services. New structure will be fully implemented by 1 April 2021.

Better Lives - Mental Health - £14,000

Explore options to embed the Better Lives approach for people with Mental Health ensuring all services use the recovery model to achieve the most independent outcome for people.

Preparation and Planning for Disabled Children - £40,000

This is the Adult Care savings associated with a potential Children's Services transformation programme.

Funding of Prevention from Public Health Grant - £693,000

Use the Public Health Grant to fund Time Swap, Local Area Coordinators and the Disability Employment Team which are now part of Public Health.

Children's Services – Total – £85,000

Continuation from Previous Years Schemes:

Continuation of already announced actions in respect of back office costs – £85,000

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.

Economy, Transport and Environment – Total - £1,783,000

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 - £2,196,000

Continuation from Previous Years Schemes:

Administration and employee savings – £798,000

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 – £250,000

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.

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 – £50,000

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

BUDGET SAVINGS PROPOSALS 2022-23

Adult Care – Total - £11,068,000

Continuation from Previous Years Schemes:

Better Lives - Whole life disability pathway - £1,942,000

Better Lives - Older people's pathway - £7,150,000

Reduce Agency Spend - £400,000

Better Lives - Mental Health- £87,000

Preparation and Planning for Disabled Children - £190,000

Revised Co-Funding - £200,000

Bring DCC policy in line with national guidance concerning fairer charging by introducing a new capital threshold for community-based care packages of £23,250 as opposed to £50,000. This is a year two saving due to the consultation required. This is a very approximate estimate which will be refined once the reassessment process has started.

Appointeeship Charging - £135,000

Charge Appointeeship Clients with capital more than £3,000 at £10 per week. This is a year two saving due to the consultation required.

Review of In-House Services - £259,000

Ensure commissioning reviews completed using the enterprising council approach to ensure all in-house services are value for money (VFM). Services should be better at re-ablement than external services, competitive in unit cost or filling a gap in the market. The current Direct Care spend is £64m, so this represents an overall reduction of 1.6%.

Review of Contracting and Commissioning Staffing - £100,000

Undertake a review of current arrangements to ensure key priorities are delivered based on best practice, VFM and comparators with neighbouring authorities

Review of Business Services - £155,000

Undertake a review of current arrangements to ensure key priorities are delivered based on best practice, VFM and comparators with neighbouring authorities. Provisionally included a 5% reduction, but this may be reviewed following an assessment of support requirements.

Review of Legacy Community Alarm Provision - £300,000

To be reviewed as part of the Assistive Technology programme. The current spend on the Community Alarms provision is £600,000 a year.

Review of Other Housing Related Support Schemes - £150,000

Being reviewed as part of the Practical Housing Support Project to ensure the VFM and effectiveness to meet adult social care (ASC) priorities

Children's Services – Total - £46,000

Continuation from Previous Year Schemes:

Continuation of already announced actions in respect of back office costs – £46,000

Economy, Transport and Environment – Total - £600,000

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 – £500,000

A major improvement plan for the highways service will result in more efficient ways of working, productivity improvements and generation of income from assets.

Commissioning, Communities and Policy - Total - £334,000

Continuation from Previous Years Schemes:

Administration and employee savings – £78,000

Libraries – £156,000

SAP - £100,000

The Council will continue to refine and develop its use of the SAP system to achieve a range of savings across the Council. Particularly in relation to transactional processes, procurement and support costs.

BUDGET SAVINGS PROPOSALS 2023-24

Adult Care – Total - £6,905,000

Continuation from Previous Years Schemes:

Better Lives - Whole life disability pathway - £1,881,000

Better Lives - Older people's pathway - £4,103,000

Better Lives - Mental Health - £110,000

Review of In-House Services - £481,000

Preparation and Planning for Disabled Children - £330,000

Economy, Transport and Environment – Total - £1,200,000

Continuation from Previous Years Schemes:

Waste – £580,000

Future Highways Model – £500,000

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.

Commissioning, Communities and Policy - Total - £625,000

Continuation from Previous Years Schemes:

SAP - £500,000

Interest receipts – £125,000

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

BUDGET SAVINGS PROPOSALS 2024-25

Adult Care – Total - £1,215,000

Continuation from Previous Years Schemes:

Better Lives - Whole life disability pathway - £440,000

Better Lives - Older people's pathway - £132,000

Better Lives - Mental Health - £107,000

Review of In-House Services - £276,000

Preparation and Planning for Disabled Children - £260,000

Economy, Transport and Environment – Total - £2,870,000

Continuation from Previous Years Schemes:

Elvaston Castle and Country Park – £120,000

Waste - £1,750,000

Future Highways Model – £1,000,000

Commissioning, Communities and Policy - Total - £1,652,000

Continuation from Previous Years Schemes:

Interest receipts – £125,000

SAP - £50,000

Property Services – £1,477,000

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

BUDGET SAVINGS PROPOSALS 2025-26

Adult Care – Total - £185,000

Continuation from Previous Years Schemes:

Better Lives – Mental Health - £25,000

Preparation and Planning for Disabled Children - £160,000

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

Continuation from Previous Years Schemes:

Elvaston Castle and Country Park – £120,000

Commissioning, Communities and Policy - Total - £1,000,000

Continuation from Previous Years Schemes:

SAP - £50,000

Property Services – £950,000

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.

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, of which £1m will be allocated to departments in 2021-22 and £2m in 2022-23.

FIVE YEAR FINANCIAL PLAN for 2020-21 to 2025-26					
	2021-22	2022-23	2023-24	2024-25	2025-26
	£m	£m	£m	£m	£m
FUNDING					
Business Rates and Government Grants					
Business Rates	17.679	17.871	18.064	21.260	21.458
Top-Up	94.892	95.841	96.799	97.767	98.745
Revenue Support Grant	13.813	13.813	13.813	13.813	13.813
Improved Better Care Fund	34.682	34.681	34.681	34.681	34.681
New Homes Bonus	1.549	1.549	1.549	1.549	1.549
General Grant	34.399	25.892	25.892	24.992	24.992
PFI Grant	10.504	10.504	10.504	10.504	10.504
Sub Total	207.518	200.151	201.303	204.566	205.742
Council Tax	348.873	358.440	371.135	387.478	401.086
Use of Other Balances BM/Gen Reserve	16.136	2.000	2.000	2.000	3.500
TOTAL FUNDING	572.527	560.590	574.438	594.045	610.327
EXPENDITURE:					
Base Budget	545.395	556.391	558.590	572.438	592.045
Price Inflation	0.046	0.046	0.046	0.046	0.046
Pay Award (including Living Wage)	2.313	5.844	6.263	6.926	7.383
Contingency for Price Increases	4.113	11.427	12.000	12.602	13.234
Debt Charges	-1.500	0.000	0.000	0.000	0.000
Interest Receipts	2.182	0.000	-2.182	0.000	0.000
MRP adjustment	-3.500	7.000	0.000	0.000	0.000
Ongoing Service Pressures (see below)	22.716	8.897	10.243	9.327	9.273
Budget Savings Identified	-13.291	-9.171	-8.730	-5.737	-1.305
Risk Management Budget	-2.083	-8.464	0.000	0.000	0.000
	556.391	571.970	576.230	595.602	620.676
One-off Expenditure:					
One-off Revenue Support	9.759	2.000	2.000	2.000	2.000
One-off budget cuts support (timing delays)	4.877	0.000	0.000	0.000	0.000
Elections	1.500	0.000	0.000	0.000	1.500
	16.136	2.000	2.000	2.000	3.500
Further Budget Savings Required	0.000	-13.380	-3.793	-3.557	-13.848
TOTAL EXPENDITURE	572.527	560.590	574.438	594.045	610.327
Ongoing Base Budget	556.391	558.590	572.438	592.045	606.827

Assumptions	2021-22	2022-23	2023-24	2024-25	2025-26
Price Inflation	0.50%	1.00%	1.00%	1.00%	1.00%
Pay Award	0.00%	2.00%	2.00%	2.00%	2.00%
Business Rate Growth	1.00%	1.00%	1.00%	1.00%	1.00%
BR Taxbase (£m)	19.179	19.371	19.564	19.760	19.958
BR Collection Fund Position (£m)	-1.500	-1.500	-1.500	1.500	1.500
Top Up RPI	0.00%	1.00%	1.00%	1.00%	1.00%
Council Tax Increase	2.50%	2.00%	2.00%	2.00%	2.00%
CT Taxbase Change	0.36%	1.00%	1.50%	1.50%	1.50%
CT Taxbase	252,407	254,931	258,755	262,636	266,576
CT Collection Fund Position (£m)	-0.224	-1.200	-1.200	2.000	2.000
Council Tax (£/Band D)	1,383.07	1,410.73	1,438.95	1,467.73	1,497.08
Ongoing Service Pressures					
Adult Care Demographics	2.794	4.897	5.243	5.327	5.273
Social Care Contingency	10.000	0.000	0.000	0.000	0.000
Agency Placements	5.400	4.000	4.000	4.000	4.000
Special Needs Transport	0.620	0.000	0.000	0.000	0.000
Home to School Transport (SEN)	0.680	0.000	0.000	0.000	0.000
Pension Fund	0.000	0.000	1.000	0.000	0.000
Children's Social Care Recruitment Remodelling	1.300	0.000	0.000	0.000	0.000
ICT Strategy	0.200	0.000	0.000	0.000	0.000
ICT Telephony	0.433	0.000	0.000	0.000	0.000
ICT Customer Service Platform	0.075	0.000	0.000	0.000	0.000
VCS Infrastructure	0.199	0.000	0.000	0.000	0.000
Performance Monitoring and Reporting	0.140	0.000	0.000	0.000	0.000
Winter Maintenance	0.700	0.000	0.000	0.000	0.000
Emergency Planning Civil Contingencies Act	0.105	0.000	0.000	0.000	0.000
Employment and Skills	0.070	0.000	0.000	0.000	0.000
	22.716	8.897	10.243	9.327	9.273
One-Off Pressures					
ILF Grant	2.534	0.000	0.000	0.000	0.000
Assistive Technology	1.500	0.000	0.000	0.000	0.000
Sports and Outdoor (SORE)	0.362	0.000	0.000	0.000	0.000
Process improvement	0.193	0.000	0.000	0.000	0.000
Programme Management	0.333	0.000	0.000	0.000	0.000
Participation	0.177	0.000	0.000	0.000	0.000
Legal Fees	0.950	0.000	0.000	0.000	0.000
Care Leavers Team	0.510	0.000	0.000	0.000	0.000
Digitisation of Employment Records	0.100	0.000	0.000	0.000	0.000
Legal Services Child Care Cases	0.300	0.000	0.000	0.000	0.000
Regeneration Kick Start	2.000	0.000	0.000	0.000	0.000
Elvaston Castle Master Plan	0.550	0.000	0.000	0.000	0.000
HS2	0.250	0.000	0.000	0.000	0.000
	9.759	0.000	0.000	0.000	0.000



Derbyshire County Council

Equality Impact Analysis Record Form

Derbyshire County Council Revenue Budget 2021/22

Department	ALL
Service Area	ALL
Title of policy/ practice/ service of function	REVENUE BUDGET FOR 2021/22
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 or 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 2021/22 are significant and reliant on the Council's ability to achieve this level of savings whilst responding to and recovering from the Covid-19 pandemic. All proposals need to be considered in context with the size and nature of the service, and ideally, with reference to earlier or future proposals.

Stage 2. The team carrying out the analysis

<i>Name</i>	<i>Area of expertise/ role</i>
(Paul Stone (Chair)	Assistant Director of Finance (Financial Management)
Mary Fairman	Assistant Director, 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 2021-22
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 £13 million in 2021-22, with expenditure at £572m for the financial year. Over the period of the FYFP, savings of approximately £73m 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 2021-22 include:

Adult Social Care & Health

- Demographic Growth - £2.794m
- Independent Living Fund - £2.534m
- Assistive Technology - £1.500m
- Budget Support - £4.257m
-

Total for Adult Social Care & Health = £11.085m

Children's Services

- Agency Placements and Future Demand for Services - £5.400m
- Social Workers - £1.300m
- Special Needs Transport - £0.620m
- Mainstream Home to School Transport - £0.680m
- Legal Costs - £0.950m
- Leaving Care Services - £0.510m
- Sports and Outdoor (SORE) - £0.362m
- Programme Management - £0.333m
- Process Improvement - £0.193m
- Participation - £0.177m

Total for Children's Services = £10.525m

Commissioning, Communities and Policy (CCP)

- ICT Strategy – £0.200m
- ICT Telephony - £0.433m
- ICT Customer Services Platform - £0.075m
- Voluntary and Community Sector Infrastructure - £0.199m
- Performance Monitoring and Reporting - £0.140m
- Legal Service – £0.300m
- Digitisation of Employment Records - £0.100m
- Budget Support - £0.390m

Total for CCP = £1.047m

Economy, Transport & Environment

- Winter Maintenance - £0.700m
- Emergency Planning - £0.105m
- Employment and Skills - £0.070m
- Regeneration Kick-Start - £2.000m
- Elvaston Castle Masterplan - £0.550m
- HS2 - £0.250m
- Budget Support £0.230m

Total for ETE = £3.905m

Totals for DCC in 2021/22 = £26.562m

Stage 4. Data and consultation feedback

a. Sources of data and consultation used

Source	Reason for using
Council Budget Report – February 2021	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 2020/21 (conducted in November/ December 2020)	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.

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

Stage 5. Analysing the impact or effects

a. What does the data tell you?

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 2021-22 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 2021-22 includes a number of possible savings that could further affect older people, carers and families, including:</p> <ul style="list-style-type: none"> • Better Lives - Whole life disability pathway (£0.507m) • Better Lives - Older Adult's pathway (£1.210m) • Review Prevention Services – £0.150m • Reduce Agency Spend - £0.400m • Finance Review - £0.345m • Better Lives – Mental Health - £0.014m

	<ul style="list-style-type: none"> • Preparation and Planning for Disabled Children £0.040m • Funding of Prevention from Public Health Grant - £0.693m • Libraries - £0.050m <p>For older people the most obvious proposals which could result in an adverse impact could come from the Older Adult's pathway and the re-organisation of Library services.</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, it is recognised that these proposals potentially affect older and disabled people in particular. These proposed changes have been examined in a full EIA.</p> <p>The remaining services which are listed could also result in reduced service, access the 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 2021-22 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"> • Preparation and planning for disabled children - £0.040m • Highways Agency Agreements - £0.150m • Parking Services - £0.025m • Digital Derbyshire – £0.150m • Libraries - £0.050m <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>
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	<p><u>Potential for impact on older workers within the Council</u></p> <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 2021-22 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 2021-22 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 - £0.507m • Older Adult's pathway - £1.210m • Preparation and Planning for Disabled Children - £0.040m • Parking Services - £0.025m • Digital Derbyshire - £0.150m <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 - £0.507m • Older Adult's pathway - £1.210m • Review of Prevention Services - £0.150m • Reduce agency spend - £0.400m • Finance Review - £0.345m • Children's Services – Back office costs - £0.085m • Administration and employee savings - £0.798m • Legal services - £0.223m • Libraries – £0.050m • Staff budgets ETE - £1.394m <p>Women as mothers/ parents could be adversely affected by proposals such 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.</p>

	<p>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 - £0.798m • ETE staff budgets - £1.394m
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 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 2021-22 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"> • Staff budgets ETE - £1.394m • Administration and employee savings - £0.798m • Legal Services - £0.223m • Finance Review - £0.345m
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.</p> <p>A number of the proposals within the budget plans for 2021-22 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 - £0.507m • Older Adult's pathway - £1.210m • Review Prevention Services - £0.150m • Reduce agency spend £0.400m • Better Lives – Mental Health - £0.014m • Preparation and Planning for Disabled Children - £0.040m • Staff budgets ETE - £1.394m

	<ul style="list-style-type: none"> • Administration and employee savings - £0.798m • Legal Services - £0.223m <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"> • Whole life disability pathway - £0.507m • Older people's pathway - £1.210m • Better Lives – Mental Health - £0.014m • Staff budgets ETE - £1.394m • Administration and employee savings - £0.798m • Libraries - £0.050m <p><u>Employees who follow a faith or religion</u> There are a very small number of people from the Muslim, Sikh, Hindu, Jewish and Buddhist communities within the Council's workforce. Most workers have indicated that they are either Christian or have no religion.</p> <p>When considering the likely impact on employees of staffing restructures and other proposals, the issue of religion and belief is unlikely to feature highly, and there is unlikely to be a measurable adverse impact.</p>
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"> • Finance Review - £0.345m • Staff budgets ETE - £1.394m • Administration and employee savings £0.798m • Libraries - £0.050m <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"> • Proposed savings in relation libraries <p>Social mobility is determined though a number of factors, many of which are beyond the control, but not necessarily the influence, of the County Council. The state of the national and local economy exercises significant influence over whether individuals or households are able to improve their standard of living, and achieve a better life for themselves, accessing choice and control which was previously denied or out of reach, or by gaining skills and resources to change things. In Derbyshire those with least social mobility can be found in our deprived communities and neighbourhoods, and amongst a number of protected characteristic groups, especially disabled people, and women. The proposed savings in the budget for 2021-22 could further limit some aspects of social mobility. This will include savings in relation 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</p>
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	<p>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"> • Whole life disability pathway - £0.507m • Older people's pathway - £1.210m • Review Prevention Services - £0.150m • Highways Agency Agreements - £0.150m • Digital Derbyshire - £0.150m • Property Services - £0.619m • Libraries - £0.050m <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 as the Council looks to</p>

	<p>recover from the Covid-19 pandemic supporting regeneration across the region and the continued decline of the high street.</p> <p>The Council has supported businesses during the pandemic ensuring prompt payment of goods and services and implementing a hardship fund.</p> <p>How expenditure takes place in relation to regional and local economic development support is also of relevance. Including the priorities and eligibility criteria fixed for businesses seeking to access help and support. The Council's relative success in attracting investment into Markham Vale does not necessarily benefit businesses in other areas of Derbyshire.</p> <p><u>Public and private partners</u></p> <p>A number of the proposals could lead to changes in procurement and commissioning arrangements, or affect the Council's capacity to work with public and other partners, including:</p> <ul style="list-style-type: none"> • Whole life disability pathway - £0.507m • Older people's pathway - £1.210m • Review Prevention Services - £0.150m • Better Lives – Mental Health - £0.014m • Funding of Prevention from Public Health Grant - £0.693m • Highways Agency Agreements - £0.150m • ICT - £0.256m • Property Services - £0.619m <p>In a number of the proposals (which have become more detailed and are now being consulted upon) assumptions have been included which expect service reductions or re-organisation to be aided or mitigated by services from the community and voluntary sector. There are few signs in these reports which establishes that the sector can do all of this, nor are there indications that funding will be 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	<p>When the public was asked which priorities it supported, a number of those selected support looking after older people (this being sixth of priorities requested) and providing support for vulnerable children and families (seventh). 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 57 years, with the youngest being 14 and the oldest 92.</p> <p>A total of 22 residents also took part in five online focus groups where the average age was 62 years.</p>
Disability	<p>The recent public consultation asked those taking part to indicate if they have a disability, so it is possible to review feedback in relation to people who have a disability and those who indicated they did not. Of those who took part 16% 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 lifestyles will impact positively on some areas of disability, including mental health. However, there were some general comments about the importance of health and wellbeing.</p>
Gender (Sex)	<p>Of those who responded, there was an even split of 50% male and 50% female.</p> <p>This is a change from previous years where the respondents have tended to be from female residents.</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>However, there was a focus group with the Black Minority Ethnic Forum.</p>
Religion and belief including non-belief	<p>Those participating were not asked to indicate if they had this protected characteristic.</p> <p>From the responses received it is not possible to identify specific views from our religious minority communities in relation to the budget consultation.</p>
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 older adults and 22% 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.</p> <p>The support for economic regeneration is perhaps a reflection of the current economic situation faced by the UK as a result of the Covid-19 pandemic. There is now high unemployment in Derbyshire, with the claimant count (as of November 2020) being 4.6% compared to 2.2% as of November 2019.</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 35% supported investment in roads, 24% in the environment, and 17% in countryside services, much of which benefits the Peak District and Derbyshire's more rural areas.</p>

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

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

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

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

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

d. Gaps in data

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

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

It is important that departments engage genuinely in consultation with residents, people who use our services, partners and staff, in case they have ideas or suggestions which could help reduce or avoid adverse impacts for the people of Derbyshire or specific groups of service users.

This could be alternative ways of delivering the proposed service, seeking out other sources of funding, or the improved management of performance so that more can be gained for less, avoiding wastage or overcharging.

The process is intended not to be fixed, and the authority is required to consider ideas which might mitigate against adverse outcomes. In some cases it may be possible to identify other resources, but this may also mean that other services will need to be cut or reduced instead.

In terms of mitigating against adverse impacts arising out of these budget proposals, it is expected that each proposal will be covered by a detailed equality impact analysis and that these should, having identified in more detail, the nature of any impact, will identify and outline the proposed measures that will be taken to mitigate against unwanted and adverse impacts.

Stage 7. Do stakeholders agree with your findings and proposed response?

Consultation carried out with the public and other stakeholders did not at this stage cover specific proposals.

As proposals are worked up and made subject to consultation, more detailed and direct or targeted consultations will take place to ensure more detailed information is obtained to inform each EIA and report to Cabinet/ Council.

Stage 8. Main conclusions

The budget proposals for 2021-22 will impact directly on frontline services. The savings identified are likely to have the most direct adverse impact on older, younger and disabled people, reducing levels of service and support, especially for those with lower and medium levels of need. The proposals will also see further movement towards a position of providing statutory services and support, in which services respond or intervene to avoid safeguarding and other risks.

The areas identified within the Five-Year Plan for savings in 2021-22 will mean a likely adverse impact for:

- Older people using care and support services, which is likely to include those with higher levels of need, and people living with dementia
- Women as service users and employees
- Disabled people requiring support and care
- 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 2021
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 2021
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 2022/23 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	2021	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	2021	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>	2021	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: 12 January 2021.

Author of report: Assistant Director of Finance (Deputy s.151 Officer)

Audience for report e.g. Cabinet/ date: 21 January 2021.

Web location of report:

Outcome from report being considered

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

Updated by:

Date: