

Agenda Item No 8c

DERBYSHIRE COUNTY COUNCIL

CABINET

11 October 2016

Report of the Director of Finance

EFFICIENCY PLAN

(STRATEGIC POLICY, BUDGET AND ECONOMIC DEVELOPMENT)

1 Purpose of the Report

To provide Members with details of the Council's Efficiency Plan which includes minor updates to the Five Year Financial Plan agreed by Council in February 2016 and revised General Reserve projections.

2 Information and Analysis

Efficiency Plan

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

In making the offer, the Government has provided indicative allocations for the period 2016-17 to 2019-20. The final determination of the Local Government Finance Settlement for each year cannot be made until such calculations as the business rates multiplier, transfer of functions to local government and transfers of responsibility are determined, but in making the offer, the Government expects the amounts to be presented to Parliament each year.

Those local authorities who are interested in accepting the offer are required to provide an Efficiency Plan. The Government has not provided further guidance on what the Efficiency Plan should contain other than in a letter to local authorities dated 10 March 2016 which stated that "...it is important that they show how this greater certainty can bring about opportunities for further savings. They should cover the full 4-year period and be open and transparent about the benefits this will bring to your council and the community." The Government have reiterated that it does not expect the

development of Efficiency Plans to be an over bureaucratic process, with an indication that the focus of the Plan should be centred around local authorities' medium term financial strategies. The Chartered Institute of Public Finance and Accountancy, and the Local Government Association have provided details of what they consider should be included. This includes:

- The medium term financial strategy
- Links to the corporate plan
- Key partnership arrangements
- Reference to on-going and planned transformation projects and programmes where these are significant in ensuring the council reduces its costs or generates additional income locally

The Efficiency Plan needs to be submitted to Government no later than 14 October 2016. Confirmation of the offer will be provided shortly after the deadline.

Local authorities who do not wish to accept the offer, or do not qualify, will be subject to the existing yearly process for determining the local government finance settlement.

Five Year Financial Plan

The Five Year Financial Plan (FYFP) was last updated and approved by Council on 5 February 2016. Following the Final Local Government Finance Settlement announced on 8 February 2016, the Government have confirmed grant allocations for 2016-17. In March 2016, the Government issued a consultation regarding proposals for the schools National Funding Formula which indicates that the Education Services Grant will cease in September 2017.

The FYFP shows that cuts of at least £109m are required over the five-year period. It has been updated and is included in the Efficiency Plan shown in Appendix One, together with the assumptions used in revising it.

The Council adopts a proactive approach in response to the funding cuts faced by the Council by identifying future pressures and associated risks, developing and implementing plans to address them. This includes the development of a programme of budget cuts over the medium term in order to achieve a balanced budget.

The Efficiency Plan also sets out the financial risks over the medium term and includes details of the Council's planned use of its General Reserve over this period. There are a number of commitments against the balance of the General Reserve which are:

- EU funded projects (Cabinet 3 November 2015) - £1.113m
- Care Leavers Apprenticeships (23 February 2016) - £0.300m

- Extension of Grant Funding (15 March 2016) - £1.783m
- Unaccompanied Asylum Seeking Children (Cabinet 20 September 2016) - £0.603m
- Complex Inquiry (Cabinet 20 September 2016) -£1.500m
- Email and Internet (Cabinet 26 July 2016) - £0.500m

The above have all received previous Cabinet approval, therefore in accordance with the Council's Reserves Policy and standard accounting practice, it is proposed that these sums are transferred to Earmarked Reserves. Any unused balances will be returned to the General Reserve.

3 Financial Considerations

As set out in the Efficiency Plan shown in Appendix One.

4 Considerations

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

5 Background Papers

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

6 Key Decision

No.

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

No.

8 Officer's Recommendation

That Cabinet:

- i. Approves the Efficiency Plan
- ii. Notes the revised Five Year Financial Plan
- iii. Notes the General Reserves projections
- iv. Approves the creation of Earmarked Reserves as identified in the report.

PETER HANDFORD
Director of Finance

EFFICIENCY PLAN

Council Priorities

The Council delivers a wide range of services to local people and communities. With less money available, the Council will need to deliver services in a different way. Moving forward the Council will focus its effort on the following four priorities:

Working in partnership – working with other public sector organisations and councils to achieve greater integration, efficiencies and improved service delivery, in key areas such as health, economic development, regeneration, transport and community safety.

Innovation and Transformation – exploring new and innovative ways of working in order to meet the challenges relating to shrinking budgets and increasing demand for services. Taking a more radical look at the services the Council provides and how they are provided is necessary in order to maintain service quality and deliver value for money.

Thriving Communities – working with local communities and key public sector partners in designing and shaping services to ensure that scarce resources meet real need. The approach aims to equip local communities with the skills and confidence to support themselves in the future.

Income Generation and Maximisation – generating income streams from Council assets and providing chargeable services to help the Council be less reliant on central government funding, such as income generation from solar energy and the establishment of a development company. This approach will require strong and agile leadership to help the Council implement the necessary changes, meet its ambition for the future and embed a culture of being more creative, innovative and challenging.

Further details are set out in the [Council Plan](#).

Partnerships

Building a strong economy for Derbyshire is a top priority for Derbyshire County Council. By working together with neighbouring councils and organisations, the county council is building on existing partnership arrangements and exploring new opportunities that will benefit residents and businesses across the whole of the county.

Given the increasing demand for services and the financial pressures facing partner organisations, partnership working has a crucial role in ensuring services in Derbyshire are well placed to rise to the challenges ahead. The Council will continue working in partnership to achieve greater integration and

efficiencies and improve service delivery in key areas such as health, economic development, regeneration, transport and community safety.

Innovation and Transformation Programme

The Council has established an Innovations and Transformation Programme which will:

- Ensure collaborative working with departments to develop the Programme to deliver solutions that meet the Council's priorities and operational needs
- Challenge current thinking, activities and practices and encourage different perspectives
- Support work to define what the Council will look like in the future and how services will be delivered by the Council and working with partners
- Develop associated success measures to demonstrate improved outcomes and financial savings and implement reporting and monitoring procedures
- Ensure the Programme includes both service specific and corporate cross cutting initiatives
- Implement a business model that will maximise existing skills and resources, create additional capacity to pump prime and support new projects, create an environment and culture of shared learning and good practice and provide development opportunities for employees
- Deliver improved multi-tier working through the development, co-ordination and delivery of the Department for Communities and Local Government (DCLG) Transformation Challenge Award Programme
- Support and complement the development and implementation of the Combined Authority for Derby and Derbyshire
- Enable Elected Members, Strategic Directors and departments to commission projects to deliver change and service transformation

The Programme will develop an approach to issues including:

- Demand management
- Systems leadership and systems thinking
- Service redesign
- Information and intelligence sharing
- Channel shift (moving to more web based interactions)
- Integrated working with Health
- Comprehensive transport policy

Five Year Financial Plan

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

The Plan has been updated to reflect the outcomes from the Final Settlement 2016-17. It shows a total of £109m of budget cuts are required over the period 2016-17 to 2020-21.

The Plan assumes that the Council will accept the Government's four-year funding offer as announced in December 2016, prior to the implementation of 100% Business Rates Retention in 2020-21. Details of the FYFP are shown below.

FIVE YEAR FINANCIAL PLAN for 2016-17 to 2020-21

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
FUNDING					
Business Rates and Government Grants					
Business Rates	17.294	17.640	17.993	18.353	18.720
Top-Up	86.457	88.158	90.758	93.659	95.504
Revenue Support Grant	67.722	44.056	28.633	13.517	0.000
Better Care Fund	0.000	1.900	14.600	25.900	25.900
New Homes Bonus	2.864	3.100	2.000	1.900	1.900
General Grant	13.368	6.124	1.000	1.000	1.000
PFI Grant	10.504	10.504	10.504	10.504	10.504
Sub Total	198.209	171.482	165.488	164.833	153.528
Council Tax	279.930	294.970	310.202	326.834	338.303
Use of Balances	9.757	4.607	2.000	2.000	2.000
TOTAL FUNDING	487.896	471.059	477.689	493.667	493.831
EXPENDITURE:					
Base Budget	489.234	475.989	466.452	475.689	491.667
Price Inflation	1.944	2.000	2.000	2.000	2.000
Living Wage	9.500	7.000	7.000	7.000	0.000
Pay Award (including Living Wage)	3.304	2.789	2.500	2.500	2.500
Contingency for Price Increases	0.957	0.250	0.250	0.250	0.250
Debt Charges	-5.000	0.000	0.000	0.000	0.000
National Insurance Contributions	4.000	0.000	0.000	0.000	0.000
Apprenticeship Levy	0.000	1.000	0.000	0.000	0.000
Pension Fund	0.000	2.000	0.000	0.000	0.000
Interest Receipts	0.000	0.500	-1.000	-1.000	0.000
On-going Service Pressures (see below)	13.650	13.000	13.000	13.000	13.000
Risk Management Budget	-6.430	-4.000	0.000	0.000	0.000
	511.159	500.528	490.202	499.439	509.417
One-off expenditure:					
One-off revenue support	11.907	3.607	2.000	2.000	2.000
Elections	0.000	1.000	0.000	0.000	0.000
	11.907	4.607	2.000	2.000	2.000
Budget cuts required	-35.170	-34.076	-14.513	-7.773	-17.586
TOTAL EXPENDITURE	487.896	471.059	477.689	493.667	493.831
Ongoing base budget	475.989	466.452	475.689	491.667	491.831
TOTAL SAVINGS APRIL 2016- MARCH 2021					-109.117
Annual Savings as a percentage of Base Budget	7.19%	7.16%	3.11%	1.63%	3.58%

	2016-17	2017-18	2018-19	2019-20	2020-21
Assumptions					
Price Inflation	2.00%	1.30%	1.80%	2.00%	2.00%
Pay Award	1.00%	1.00%	1.00%	1.00%	1.00%
Business Rate Growth	0.80%	2.00%	2.00%	2.00%	2.00%
Top Up RPI	2.00%	1.97%	2.95%	3.20%	1.97%
Revenue Support Grant Reductions	-30.90%	-34.95%	-35.01%	-52.79%	-100.00%
Council Tax Increase	3.99%	3.99%	3.99%	3.99%	1.99%
Taxbase Increase	1.61%	1.64%	1.50%	1.50%	1.50%
Taxbase	237,482	241,379	245,000	248,675	252,405
Collection Fund Position (£m)	3.108	2.500	1.500	1.000	1.000
Council Tax (£/Band D)	1,165.17	1,211.66	1,260.01	1,310.28	1,336.35
Ongoing Service Pressures					
Adult Care Demographics	11.000	11.000	11.000	12.000	12.000
Safeguarding	1.574	1.000	1.000	1.000	1.000
Coroners	0.152	0.000	0.000	0.000	0.000
Landfill Tax	0.924	1.000	1.000	0.000	0.000
	13.650	13.000	13.000	13.000	13.000
One-Off Pressures					
Adult Care	2.000	0.000	0.000	0.000	0.000
SEN Home to School Transport	0.800	0.400	0.000	0.000	0.000
Secondary School Budget	0.150	0.150	0.000	0.000	0.000
Transformation	1.057	0.000	0.000	0.000	0.000
Public Transport	3.750	0.000	0.000	0.000	0.000
General Budget Support	0.000	2.000	2.000	2.000	2.000
IT Investment	0.000	1.057	0.000	0.000	0.000
Risk Management	4.150	0.000	0.000	0.000	0.000
	11.907	3.607	2.000	2.000	2.000

Assumptions used in developing the Plan are set out below.

Business Rates

This is the Council's share of Business Rates income under the Business Rates Retention Scheme. An assumption of business rates growth of 2% per annum has been assumed. The average increase since the introduction of the Business Rates Retention Scheme in 2013-14 has been 1.9%.

Top-Up

This is a grant received from Government under the Business Rates Retention Scheme. The figures are those provided by the Government on the basis that the Council will accept its multi-year funding offer.

Revenue Support Grant

The Government is reducing the amount of grant by 80% over the four-year period to 2019-20. The revised Business Rates Retention Scheme will result in the cessation of Revenue Support Grant, therefore a nil allocation has been assumed in 2020-21. The figures are those published by the Government at the time of the 2016-17 Final Settlement and assumes that the Council will accept the four-year funding offer.

Better Care Fund

The allocations represent those provided by the Government at the time of the Final Local Government Finance Settlement 2016-17. It is assumed that this funding will be un-ringfenced, however details regarding its use are still to be announced.

New Homes Bonus

The Government published a consultation in respect of the New Homes Bonus earlier this year which includes proposals to save £800m which will be diverted to fund adult social care. The allocations are based on the Government indicative allocations under the revised scheme. The outcome from the consultation is still awaited.

General Grant

At the time of approving the FYFP in February 2016, grant allocations were estimated for the following grants:

- Education Services Grant (ESG)
- Local Reform and Community Voices Grant
- Business Rates Capping
- Prison Services
- New Bonus returned top-slice

The Final Local Government Finance Settlement announced on 8 February 2016, confirmed the allocation of Transition Grant for local authorities to help them with the grant reductions over the first 2 years of the multi-year settlement.

Following the Final Settlement the Government confirmed the allocations for Local Reform and Community Voices, Prison Services and Business Rates Capping grants. In addition there has also been an allocation for the Extended Rights to Free Transport, which will be paid as a s.31 grant, confirming the cessation of the Local Services Support Grant.

In March 2016, as part of the consultation in respect of Schools National Funding Formula, the Government confirmed that ESG will be paid for the first five months of the 2017-18 financial year, then it would cease from September 2017. The Plan, therefore assumes a sum of approximately £4m to be paid in respect of ESG in 2017-18.

In addition to ESG, a sum of £1.124m has been confirmed for the Transition Grant and there is an assumption of £1m of further general grant funding of £1m for Government priorities. A sum of £1m per annum thereafter is assumed for general grant funding from Government

Better Care Fund

The Spending Review 2015 announced additional funding for the Better Care Fund. The Final Settlement 2016-17 confirmed indicative allocations up to 2019-20. However, clarity is still sought on any conditions associated with the additional use of this funding.

PFI Grant

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

Council Tax

An increase of 3.99% is assumed from 2016-17 onwards which includes the 2% adult social care precept. The Government has not indicated whether the adult social care precept will be available beyond 2020-21, therefore a general 1.99% increase has been assumed in that year.

A taxbase increase of 1.64% in 2017-18 with a 1.5% increase per annum from 2017-18 onwards has been assumed. This is consistent with the increases in taxbase seen in recent years.

A collection fund surplus of £2.5m and £1.5m is assumed in 2017-18 and 2018-19 respectively. Thereafter £1.000m per annum is assumed.

Use of Balances

In 2016-17 and 2017-18 there are planned use of balances to support one-off pressures, details of which are set out below.

	2016-17	2017-18
One-Off Pressures	£m	£m
Adult Care	2.000	0.000
SEN Home to School Transport	0.800	0.400
Secondary School Budget	0.150	0.150
Transformation	1.057	0.000
Public Transport	3.750	0.000
General Budget Support	0.000	2.000
IT Investment	0.000	1.057
Risk Management	4.150	0.000
	11.907	3.607

From 2018-19 onwards, there is a planned use of General Reserve of £2m each year for general budget support. There will also be an additional call on

the General Reserve of £1.000m in 2017-18 to cover the costs of the County Council elections.

Expenditure

Price Inflation

With inflation expected to remain low over the medium term and the price of oil in recent months at record lows, utility and commodity costs are not expected to rise significantly.

Living Wage

The new National Living Wage for workers over the age of 25 started at £7.20 from April 2016 and will rise to £9 an hour by 2020. The £9.500m in 2016-17 and £7.000m from 2017-18 onwards represent the estimated increase in contract costs of services, as providers pass on the cost of paying the National Living Wage to its employees.

Pay Award

In December 2015, a local government pay offer was announced of a 1% increase in both 2016-17 and 2017-18 in addition to increasing the bottom pay point to take account of the new National Living Wage. From 2018-19 onwards an increase of 1% per annum has been assumed.

Contingency for Price Increases

An amount of £0.250m has been set aside each year from 2017-18 onwards to accommodate non-standard inflation such as high energy prices.

Debt Charges

This represents the interest payable on the Council's outstanding debt. The Council is reviewing its Minimum Revenue Provision which will release £5.000m of budget reductions. Details of this will be reported to Cabinet on 22 November 2016.

National Insurance Contributions

The Government's Budget 2013 announced changes to the Single Tier State Pension which means that members of a defined benefit scheme will no longer have the option to 'contract out' of the State Second Pension. This will mean that employers will have to pay increased National Insurance Contributions.

Apprenticeship Levy

The Government announced in the July 2015 Budget that large employers will pay a levy, from April 2017, which will be set at a rate of 0.5% of an employer's paybill. The estimated cost to the Council will be approximately £1.000m.

Pension Fund

This is the estimated cost of increased employer contributions which is anticipated following the actuarial review in 2016-17.

Interest Receipts

The Bank of England announced a base rate cut of 0.25% in June 2016. This is expected to reduce the Council's interest rate income by £0.500m in 2017-18. The plan assumes moderate increases each year from 2017-18 onwards which will generate additional income of £1.000m per annum up to 2019-20.

Adult Social Care Precept

Local authorities with adult social care responsibilities will be able to set a referendum principle 2% higher than the principle that would otherwise apply. The Government has indicated that local authorities will be able to raise the precept each year up to and including 2019-20. This will raise additional income of £5m-£6m per annum.

On-going Service Pressures

Demographic growth in respect of Adult Care is assumed from 2017-18 onwards, together with increased costs in respect of Safeguarding. It is assumed that the additional Better Care Fund allocations between 2018-19 and 2019-20 will support the expenditure.

The Council's waste treatment facility will go live in 2017 and this will help to off-set the costs of Landfill Tax.

One-Off Pressures

See funding section above for further details.

Uncertainty and Risk

There are a number of items which need to be highlighted which have an element of risk and uncertainty over the medium term.

- **Business Rates Retention Scheme**

Details of changes to the Scheme are currently being consulted on. There are a range of issues currently under consideration which includes local authorities being given extra responsibilities as the amount collected in business rates outweighs the current funding quantum allocated to local authorities. However, it is difficult to estimate the Council's main funding stream beyond the four-year offer made by the Government. Further consultation is expected later in the year, when detailed exemplifications will be provided which will illustrate the financial impact of the changes being proposed.

The introduction of the Business Rates Retention Scheme in April 2013 has increased the level of financial risk for local authorities as they are

now exposed to both the impact of appeals against rate valuations and avoidance of the tax. Whilst some appeals will go in the favour of local authorities, the uncertainty of the outcome and lack of knowledge about the timing of the decision mean that councils are forced to accept a significant, unpredictable financial risk, impacting on the availability of funding for services. The Government is aware of the problems that this causes for authorities and is examining options with the intention of improving this process as part of the current consultation exercise.

- **Adult Care Demographics/Better Care Fund**

The Council has identified that there are significant costs of between £12m-£15m per annum for the costs of increasing demographic growth. The Plan assumes that the additional funding from the Better Care Fund of £1.9m 2017-18, £14.6m 2018-19 and £25.9m in 2019-20 will support the funding of this expenditure in the aforementioned years. However, details regarding the use of the additional funding and any associated conditions are still awaited.

- **Academisation**

The Government's Comprehensive Spending Review made a commitment to convert all secondary schools to academy status. If all the secondary schools within the county were to convert, this would have a significant impact on the Council's finances in terms of loss of traded income.

- **Living Wage**

An estimate of the potential costs to the Council of the Government's decision to implement the National Living Wage has been made. These are the estimated costs to the Council as a result of providers increasing their costs to mitigate the financial strain of implementing the National Living Wage.

- **Public Health Funding**

The Council currently receives funding in the form of a ring-fenced grant which will be maintained in 2016-17 and 2017-18. The Government will consult on options to fully fund local authorities' public health spending from their retained business rates receipts as part of the move towards 100% business rates retention.

- **Price Inflation**

The Plan assumes that inflation will remain low over the medium term and therefore departments will be able to manage price inflation within existing budgets, with the exception of residential care home fees. The price of oil

during the last 12 months has been at record lows and therefore utilities price increases are unlikely to be excessive.

- **Home Care Visits**

The National Institute for Health and Care Excellence (NICE), in a recent report commented that carers should spend at least 30 minutes on home visits to older people as part of a new gold standard for services. However, NICE acknowledges that extra funding would be needed to support this and a package of other measures.

- **Unaccompanied Asylum Seeking Children (UASC)**

UASC are defined as unaccompanied asylum seeking children and unaccompanied refugee children who are looked after children. A transfer protocol has been drafted which forms the basis of agreement made between local authorities to ensure a fairer distribution of UASC across all local authorities and all regions. The protocol sets a ceiling on the number of UASC any local authority would be expected to accept. If the Council were to accept numbers up to its ceiling level, the cost over the next five years, net of grant funding, is estimated to be £9.496m. In 2016-17, the cost will be met from General Reserve. Beyond that, the additional pressures will be addressed as part of the annual budget setting process, but this is a pressure over and above those identified in the Plan.

Budget Reductions

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

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

There is still a risk of delay in implementation or indeed an inability to progress a particular cut 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 cuts identified would require the use of around £3m of General Reserve; as a one-off cost this is manageable within the context of the resources available. The non-achievement of an indicated cut is less manageable and as a consequence Strategic Directors have been made aware of the need to bring forward alternative savings, to at least an equal value, should this scenario occur. The Council has also established a Budget Management Earmarked Reserve which will be used to

manage, where appropriate, any delayed cuts to services. The Revenue Outturn Report 2015-16 approved the use of underspends, the majority of which, will be used to help manage the budget in 2016-17 and 2017-18.

Whilst the Council maintains an adequate, risk-assessed level of General Reserve, failure to achieve the required level of budget cuts, in order to balance the budget, will see the balance of General Reserve significantly depleted and lead to issues around financial sustainability that would require urgent, radical cuts rather than the planned process that minimises impacts of reductions as far as possible.

It should be noted that the reductions required to balance the budget over the medium term have yet to be fully identified. Further cut proposals will be brought to Cabinet to bridge the gap and one-off resources used to close any gap.

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 cuts and the maintenance of a robust, risk assessed level of reserves.

Reserves

The Council has in place a Reserves Policy which sets out the framework within which decisions will be made regarding the level of reserves. In line with this framework the balance and level of reserves are regularly monitored to ensure they reflect a level adequate to manage the risks of the Council. This covers both the General Reserve and Earmarked Reserves. Details of the latest position were reported to Cabinet on [26 January 2016](#). The next review will take place as part of the budget setting process and be reported to Cabinet in January 2017.

General Reserve Projections

As at 31 March 2016, the Council had a General Reserve balance of £52.028m.

The level of General Reserve available over the next few years is largely dependent on the achievement of the annual budget cuts target. There are pressures on demand-led services such as the ageing population and waste which will also have an impact on the balance if departments overspend. The level of the General Reserve will be between £15m - £21m over the medium term.

The projected movements on the General Reserve are shown below:

General Reserve Projections

	2016-17	2017-18	2018-19	2019-20	2020-21
	£m	£m	£m	£m	£m
Opening Balance	52.028	38.759	21.631	16.758	15.258
Plus Expected Contributions	12.950	2.500	2.500	2.500	2.500
Less Use	(26.219)	(19.628)	(7.373)	(4.000)	(2.000)
	38.759	21.631	16.758	15.258	15.758

Contributions

Budget Monitoring Report - Projected

Underspend	10.763	2.000	2.000	2.000	2.000
Contributions from Earmarked Reserve	1.847	0.500	0.500	0.500	0.500
Staveley Town Council Loan	0.340	0.000	0.000	0.000	0.000
	12.950	2.500	2.500	2.500	2.500

Use

Prior Year Commitments	8.076	10.000	2.000	2.000	2.000
Elections	0.000	1.000	0.000	0.000	0.000
EU funded projects*	0.371	0.371	0.373	0.000	0.000
ICT Strategy	0.000	1.057	0.000	0.000	0.000
Care Leavers Apprenticeships*	0.150	0.150	0.000	0.000	0.000
Extension of Grant Funding*	1.783	0.000	0.000	0.000	0.000
Property Development Company	0.040	0.000	0.000	0.000	0.000
Home to School Transport	0.000	0.400	0.000	0.000	0.000
Secondary Schools Budget	0.000	0.150	0.000	0.000	0.000
School redundancies	0.490	0.750	0.000	0.000	0.000
Unaccompanied Asylum Seeking Children*	0.603	0.000	0.000	0.000	0.000
Complex Inquiry*	0.750	0.750	0.000	0.000	0.000
VR/VER	3.000	3.000	3.000	0.000	0.000
Support for changes to Adult Care					
Client Contributions	0.129	0.000	0.000	0.000	0.000
Co-Funding	0.300	0.000	0.000	0.000	0.000
General Revenue Budget Support	9.757	2.000	2.000	2.000	0.000
Email and Internet	0.500	0.000	0.000	0.000	0.000
Coroners	0.070	0.000	0.000	0.000	0.000
Senior Economic Development Officers	0.100	0.000	0.000	0.000	0.000
Previous approvals	0.100	0.000	0.000	0.000	0.000
	26.219	19.628	7.373	4.000	2.000

* To be transferred to Earmarked Reserves.

Earmarked Reserves

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

Summary

The Council Plan sets out the way the county council will work and the services it will deliver. It outlines our purpose, vision and values – protecting frontline services for vulnerable people and children, championing the county and its people, attracting investment, supporting businesses and creating more jobs.

The FYFP shows that savings of £109m are required up to the year 2020-21. This is in addition to the £170m made since 2010. The level of budget reductions required over the next five year period remains significant. The achievement of a balanced budget is dependent on the Council meeting its budget reduction target annually.

The setting of a balanced budget is reliant on the additional Better Care Fund allocations being available to support Adult Care demographic growth. If the Government were to place conditions on the additional funding and it could not be used to support social care pressures, the additional costs of £25m over the period 2017-18 to 2019-20 would require equivalent budget reductions of this amount in order to set a balanced budget.

The Council will monitor the Government's proposals with regard to changes to the Business Rates Retention Scheme. Until the Government provide details of the proposals to local authorities, it is difficult to estimate both the level of business rates income and financial impact of any additional burdens, particularly public health, over the medium term.

The Council has a detailed budget reduction programme that is closely monitored. Details of the budget reductions identified to date were detailed in the [Revenue Budget Report 2016-17](#) and [Five Year Financial Plan](#) reported to Council in February 2016.