

DERBYSHIRE COUNTY COUNCIL

CABINET

15 July 2014

Report of the Director of Finance

**PROVISIONAL FIVE YEAR FINANCIAL PLAN
(STRATEGIC POLICY AND BUDGET)**

1 Purpose of the Report

To note the details of the Provisional Five year Financial Plan for the period 2014-15 to 2018-19.

To note the further budget reduction proposals that the Council is considering to help balance the budget over the medium term

2 Information and Analysis

The Council set its budget for 2014-15 in February 2014. The report to Council contained a number of cuts to balance the budget in 2014-15, some of which had full year impacts resulting in further savings in 2015-16. In total the report identified savings of £30m in 2014-15 and a further £23m in 2015-16; many of these proposals have recently been agreed by Cabinet after consultation has been undertaken and include, for example, recent changes to the criteria for access to Adult Care services and changes to charging for some care services. These reductions, along with those identified in 2013-14, contributed the first element of cuts required over the medium term.

The Five Year Financial Plan has now been provisionally updated and rolled forward a year and as a result a further set of potential budget reductions have been identified totalling nearly £70m. If these cuts are agreed, after all necessary consultation has been undertaken, the Council is left with a relatively small shortfall (£4.6m) on the 2015-16 budget reduction target of £48m and significant steps made towards the achievement of targets for later years. However, further reductions will still be required to balance the budget in those later years. In total the shortfall remaining, over the previous planning period of 2013-14 to 2017-18, is around £15m of the total £157m target. This assumes the best case scenario, from a balanced budget position, that all the proposals announced can be achieved. This has been summarised by year in the following table: -

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	2015-16 £m	2016-17 £m	2017-18 £m
Target	48.2	37.0	21.7
Reductions Proposed	43.5	28.0	20.6
Shortfall	4.7	9.0	1.1

Five Year Financial Plan

The Plan has been updated to reflect the details of the Local Government Finance Settlement announced in December 2013, the Comprehensive Spending Review 2013 and the Government's recent Budget and Autumn Statements, together with the outcomes of last summer's Technical Consultation regarding proposals for further reductions in the Revenue Support Grant.

The Plan sets out a provisional strategy for a five year time horizon and establishes the financial framework within which service planning will take place. The Plan will form the basis for consultation on the development of the 2015-16 budget and will be reported to Council as part of the budget setting process for that year after consultation with stakeholders in the normal way.

It is an integral part of the service planning process of the Council and also forms a key part of the process leading to the formulation of the annual budget.

The County Council is facing unprecedented budget cuts due to reductions in Government grants, inflation and greater demands on social care and services for vulnerable children. By 2019 the Council will have reduced its 2010 budget by over a third by cutting services for local people by over £250 million.

Last year, the Council launched The Derbyshire Challenge to explore new ways of delivering services to mitigate against the impact of significantly reduced budgets. This process began by looking at areas of spend which would have the least impact on front line services such as reducing senior management and selling off land and buildings.

However, the level of budget reductions required over the next five year period remains significant. The Council has undertaken a review to identify a programme of budget reductions over this period. The achievement of a balanced budget is dependent on the Council meeting its budget reduction target annually. Whilst General Reserves over the period of the Plan remain at prudent risk assessed levels, any overspends arising from demand management issues or slippage on the achievement of savings, will require a call on the General Reserve.

The Plan shows that cuts of £159m are required over the five year period up to 2018-19. In order to understand how the Council's budget reductions

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targets have changed, the table below gives some idea of the way funding and pressures have changed over the years.

Five Year Plan revision	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
07/12/2010	10.293	34.897	20.791	10.279	18.324					94.584
25/01/2011		35.399	20.216	11.253	18.927	11.451				97.246
21/06/2011		35.399	22.030	11.778	18.935	11.459				99.601
24/01/2012			25.000	17.320	19.518	27.216	25.458			114.512
24/07/2012			25.000	24.839	17.539	25.979	26.265			119.622
06/02/2013				24.840	31.443	31.340	20.126	19.585		127.334
02/10/2013				24.840	36.701	46.795	31.359	17.316		157.011
15/07/2014					29.885	48.184	36.966	21.711	22.173	158.919

Figures in bold type indicate the budget reduction agreed by Council for that particular year. The total budget reductions agreed from 2010-11 to 2014-15 amount to £125.417m, this sum has been removed from departmental budgets. Based on the original expectations given by Government as part of the Comprehensive Spending Review in 2010 the expected reductions over this period were expected to be some £34m lower than has actually occurred, and by next year the likelihood was that the worst of the reductions were behind the Council. In reality we are, at best, only half-way through the period of retrenchment and a further £129m of reductions will be required up to 2018-19.

One reason for the change in the budget reduction target is the acceptance of a revised level of funding required to meet the cost of demographic growth in Adult Care.

Validation work on the growth in the number of clients and complexity of care required has been completed. This work has shown an underlying need for an annual uplift in the Adult Care budget by £10m a year, instead of the £6m built into the plan. In order to achieve this uplift in the base budget it is proposed to use a combination of General Reserve and additional ongoing funding to increase the Adult Care budget from 2014-15 onwards. This will be achieved in the following way:

Adult Care Demographic Growth	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Base Budget Growth in Previous FYFP	6.0	6.0	6.0	6.0	6.0
Additional Base Budget	0.0	1.0	2.0	3.0	4.0
Use of General Reserve	4.0	3.0	2.0	1.0	0.0
	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>

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Whilst not fully compensating Adult Care for the effects of demographic growth, it does take the total funding increase over the five year period from £90m to £120m and leave the annual base budget increase at the required level from 2018-19 onwards.

General Reserves Projections

The table below shows the Council's General Reserves projections over the five year period 2014/15 to 2018/19. The following assumptions have been made:

- Underspends on Corporate budgets of £5m in each of the five years.
- Departmental contributions form unused earmarked reserves/projects
- Use of 2013/14 underspends
- One-off support for Adult Care demographic growth
- Further one-off general budget support
- One-off support for changes to Adult Care client contributions

	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Opening Balance	43,075,261	36,786,900	30,080,060	28,951,060	27,951,060
Plus Expected Contributions	7,010,000	5,000,000	5,000,000	5,000,000	5,000,000
Less Use	13,298,361	11,706,840	6,129,000	6,000,000	4,000,000
	36,786,900	30,080,060	28,951,060	27,951,060	28,951,060
Contributions					
Corporate underspends	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
From Earmarked Reserves	1,665,000	0	0	0	0
ETE Single System Project	345,000	0	0	0	0
	7,010,000	5,000,000	5,000,000	5,000,000	5,000,000
Use					
Previous Year Commitments	5,392,000	4,000,000	2,000,000	2,000,000	2,000,000
Elections	0	0	0	1,000,000	0
Broadband	0	2,190,000	0	0	0
Adult Care Demographics	4,000,000	3,000,000	2,000,000	1,000,000	0
Adult Care Client Contributions	258,000	516,000	129,000	0	0
General Budget Support	3,645,000	2,000,000	2,000,000	2,000,000	2,000,000
Previous approvals	3,361	840	0	0	0
	13,298,361	11,706,840	6,129,000	6,000,000	4,000,000

It is hoped that the Council will be able to mitigate some of the cuts through the careful use of reserves.

Details of the Plan and assumptions used are shown at Appendix One. The full document will be published on the Council's website.

Budget Reductions

On 1 October 2013, Cabinet considered a report regarding the Revised Budget 2013/14, which identified a number of budget reduction proposals. Following that report a series of further budget reduction proposals have been identified which are listed at Appendix Two. Significant consultation and planning timeframes are required to achieve many of these reductions. Additional delays in agreeing proposals will result in a further call on General Reserves i.e. additional to those highlighted above. The consequence of which is that the balance on the General Reserve could fall below the Council's minimum risk assessed level.

In many cases the proposals will be subject to consultation and equality analysis processes. In including potential cost savings in this report no assumptions are made as to the outcome of those consultations or the outcome of final decisions which have yet to be made. As the saving proposals described in the report which have not yet been considered are further 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.

3 Human Resources Considerations

The Council will seek to mitigate the impact of the proposed budget reductions on the Council's workforce through the use of VER/VR, vacancy control, redeployment and reducing spend on the non-core workforce.

The Council has a statutory responsibility to consult with the relevant trade unions in accordance with Section 188 of the Trade Unions and Labour Relations (Consolidation) Act 1992 (and to inform the Secretary of State its proposals under Section 192) when potential redundancy situations arises. Cabinet at its meeting on the 27th May approved the issuing of these notices for 2014/15, these will be refreshed as necessary, when further and more detailed reports are presented to Cabinet in relation to the proposals in Appendix 2 of this report.

4 Legal Considerations

As the saving proposals described in Appendix 2 to the report are further 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.

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The Council's Financial Regulations provide that the Five Year Financial Plan must be proposed by Cabinet and approved by the Full Council. It will, therefore, be necessary for the Provisional Plan proposed in this report to be considered further by the Cabinet in due course before it is commended to the Full Council.

5 Other Considerations

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

6 Background Papers

Comprehensive Spending Review 2013 – HM Treasury
Local Government Finance Settlement 2014/15 – Department for
Communities and Local Government
Budget 2014 – HM Treasury
Autumn Statement 2013 – HM Treasury
Papers held in Technical Section, Corporate Finance

7 Key Decision

No

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

No

9 OFFICER'S RECOMMENDATIONS

- (i) To note the details of the Provisional Five Year Financial Plan contained in Appendix One.
- (ii) To note the forward projection for the level of the General Reserve subject to successful achievement of budget reductions in each year of the plan.
- (iii) To note the possible budget reduction measures identified in Appendix Two.
- (iv) To agree the allocation of an additional £4m from General Reserve to cover the increase in Adult Care demographic costs in 2014-15.

PETER HANDFORD
Director of Finance

4 July 2014

The Provisional Plan has been developed setting out a number of key assumptions which are set out below.

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Business Rates

This is the Council's share of Business Rates income under the Business Rates Retention Scheme. It assumes that business rates will continue to grow by 2.0% in each year from 2015/16 onwards. This is based on current levels of growth in business rates in Derbyshire set alongside expectations for wider economic growth.

Top – Up

This is a grant received from Government under the Business Rates Retention Scheme. It assumes that the amount will increase with the Government's target CPI inflation year on year.

Revenue Support Grant

The 2015/16 indicative allocation shows a 27.1% reduction compared to the 2014/15 allocation. The 2015/16 allocation is based on information published at the time of the Local Government Finance Settlement announced in December 2013. The austerity measures are expected to continue until the end of the decade, therefore reductions of 10% each year have been assumed from 2016/17 onwards. Details of public expenditure spending will not be announced by Government until after next years' General Election.

New Homes Bonus

The 2015/16 figure is based on the indicative allocation announced as part of the 2014/15 Local Government Finance Settlement. In 2016/17, there is an assumption that the amount of New Homes Bonus will increase by approximately £0.4m. This will be the sixth year of the scheme. Under the final scheme design, local authorities will receive six years of grant based on council tax.

General Grant

In 2015/16, the amount of General Grant is based on the following:

- Education Services Grant - £9.876m
- Business Rates Compensation - £1.067m
- Returned New Homes Bonus top-slice - £0.884m
- Local Reform and Community Voices - £0.655m

The above figures (excluding the Education Services Grant) are based on indicative allocations announced at the time of the 2014/15 Local Government Finance Settlement. The Settlement confirmed that the Local Welfare Provision Grant would not be paid in 2015/16.

The Comprehensive Spending Review 2013 announced that £200m will be top-sliced from the Education Services Grant (ESG) quantum in 2015/16. Therefore the ESG allocation for 2015/16 assumes a reduction of approximately 20% compared to the 2014/15 allocation. The ESG is funding provided to local authorities to help fund central services provided to schools. The allocation is dependent on the number of local authority maintained schools. Any schools that become Academies will result in a further reduction in the allocation.

The assumption is that other than ESG, no further General Grants will be awarded by the Government.

Local Services Support Grant (LSSG)

The LSSG for 2015/16 reflects the indicative allocation announced as part of the Local Government Finance Settlement 2014/15. It is assumed that LSSG will end after 2015/16.

Council Tax Freeze Grant adjustment

The Comprehensive Spending Review 2013 confirmed that those Freeze Grants awarded in 2011/12 and 2013/14 would be paid for a further year than originally announced i.e. up until the end of financial year 2015/16. It is assumed therefore that this funding will cease from 2016/17 onwards.

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

A Council Tax increase of 2% is assumed in 2015/16, on the basis that the Council Tax referendum principles for 2015/16 will be similar to those set for 2014/15, however details of the referendum principles will not be announced until December 2014. An increase of 2.5% is assumed thereafter, but again this is dependent on the Council Tax referendum principles set by Government each year.

Taxbase increases of 0.7% each year have been assumed from 2015/16 onwards. This is consistent with historic trends in the taxbase.

A collection fund surplus of £0.600m is assumed each year from 2015/16 onwards.

Use of Balances

There is a planned use of the General Reserve of £2m in each year from 2015/16 onwards. There will be an additional call on the General Reserve of £1m in 2017/18 to cover the costs of the county council elections.

EXPENDITURE**Price Inflation**

A general increase of 2% has been assumed in line with the Government's CPI inflation target; therefore, price increases of £7m have been included from 2015/16 onwards.

Pay Award

The Comprehensive Spending Review 2013 announced an extension of the 1% cap on public sector pay until 2015/16. Therefore, an increase of 1% is assumed in 2015/16, with increases of 2% thereafter.

Pension Fund Increase

Employer contributions increase of £2.7m in 2014/15, based on the outcome of the actuarial review in 2013. There is a further actuarial review in 2016 which could lead to further changes in contribution rates in 2017/18. At present, no change can be predicted.

Contingency for Price Increases

An amount of £1m has been set aside in each year from 2015/16 onwards to accommodate non-standard inflation such as high energy prices. In 2014/15, amounts were set aside to support an increase in foster care payments (£0.160m), special guardianship allowances (£0.490m) and safeguarding costs (£0.230m).

Debt Charges

The Council's capital expenditure is partly funded from additional borrowing while 4% of the outstanding balance is repaid each year. The increases shown reflect the additional cost of debt charges relating to anticipated borrowing requirements.

Interest Receipts

The base rate of interest has remained at 0.5% since March 2009. There is an assumed base rate increase of 0.5% in 2015/16 in line with the latest economic forecasts.

National Insurance Contributions

Budget 2013 announced changes to 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.

On-going Service Pressures

Demographic growth in respect of Adult Care and Looked After Children has been assumed in each financial year commencing 2015/16.

The estimated impact of incremental waste costs has been assumed in each financial year.

One-off revenue support

One-off pressures up to the value of £2m per annum to be agreed as part of the Revenue Budget setting process.

County Council elections in 2017/18 will cost approximately £1m.

PROVISIONAL FIVE YEAR FINANCIAL PLAN for 2014-15 to 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
	£m	£m	£m	£m	£m
FINANCED BY:					
Business Rates and Government Grants					
Business Rates	17.043	17.384	17.732	18.086	18.448
Top-Up	84.135	85.818	87.534	89.285	91.070
Revenue Support Grant	126.225	92.037	82.833	74.550	67.095
New Homes Bonus	1.716	2.125	2.500	2.500	2.500
General Grant	17.472	12.482	9.000	8.000	7.000
Local Services Support Grant	1.178	0.138	0.000	0.000	0.000
Council Tax Freeze Grant adjustment	0.000	0.000	(9.815)	(9.815)	(9.815)
PFI Grant	10.503	10.503	10.503	10.503	10.503
Sub Total	258.272	220.487	200.287	193.109	186.801
Council Tax	255.427	261.240	269.626	278.281	287.216
Use of Balances	3.645	2.000	2.000	3.000	2.000
TOTAL FUNDING	517.344	483.726	471.912	474.390	476.017
EXPENDITURE:					
Base Budget	524.007	512.058	481.726	469.912	471.390
Price Inflation	1.271	7.000	7.000	7.000	7.000
Pay Award	2.343	2.452	4.752	4.789	4.800
Pension Fund Increase	2.700	0.000	0.000	0.000	0.000
Contingency for Price Increases	0.880	1.000	1.000	1.000	1.000
Debt Charges	0.600	0.600	0.600	0.600	0.600
Interest Receipts	0.000	(1.000)	0.000	0.000	0.000
National Insurance Contributions	0.000	0.000	3.000	0.000	0.000
On-going Service Pressures (see below)	7.490	7.800	8.800	9.800	10.400
Risk Management Budget	2.652	0.000	0.000	0.000	1.000
	541.943	529.910	506.878	493.101	496.190
One-off expenditure:					
One-off revenue support	5.286	2.000	2.000	2.000	2.000
Elections	0.000	0.000	0.000	1.000	0.000
	5.286	2.000	2.000	3.000	2.000
Budget reductions required	(29.885)	(48.184)	(36.966)	(21.711)	(22.173)
TOTAL EXPENDITURE	517.344	483.726	471.912	474.390	476.017
Ongoing base budget	512.058	481.726	469.912	471.390	474.017
TOTAL SAVINGS APRIL 2014- MARCH 2019					(158.919)
Annual Savings as a percentage of Base Budget	5.70%	9.41%	7.67%	4.62%	4.70%

Assumptions

Price Inflation	2.00%	2.00%	2.00%	2.00%	2.00%
Pay Award	1.00%	1.00%	2.00%	2.00%	2.00%
Business Rate Growth	2.00%	2.00%	2.00%	2.00%	2.00%
Top Up RPI	2.00%	2.00%	2.00%	2.00%	2.00%
Revenue Support Grant					
Reductions	-14.90%	-27.10%	-10.00%	-10.00%	-10.00%
Council Tax Increase	1.99%	2.00%	2.50%	2.50%	2.50%
Taxbase Increase	1.23%	0.70%	0.70%	0.70%	0.70%
Taxbase	230,955.31	232,572.00	234,200.00	235,839.40	237,490.28
Collection Fund Position (£m)	1.674	0.600	0.600	0.600	0.600
Council Tax (£/Band D)	1,098.71	1,120.68	1,148.70	1,177.42	1,206.85

On-going Service**Pressures**

Adult Care Demographics	5.400	6.400	7.400	8.400	9.400
CAYA Demographics	0.300	1.000	1.000	1.000	1.000
Waste	1.790	0.400	0.400	0.400	0.000
	7.490	7.800	8.800	9.800	10.400

PROPOSED ADDITIONAL CUTS FOR 2015-16**Adult Care - £2.724m including:**

- **Day Care Services - £550,000**
The proposed cut to Day Care Services concerns the council's Community Lives initiative established in 2012. This programme aims to further develop and change the way services are provided for people with learning disabilities and will affect services, often at more traditional day care bases, which people with learning disabilities use during the day, evenings and weekends. Community Lives aims to reduce demand on more traditional day services in favour of more community-based services, supporting people to take part in voluntary work, leisure activities and develop skills to travel on their own. As a result of this programme savings would be made by reducing the reliance on day centres and increasing the number of shared bases which would be used by people with learning disabilities and older people.
- **Grants to Voluntary Organisations - £400,000**
Over the next two years the grants the council gives to help voluntary and community groups are proposed to be cut and the criteria for giving out grants reviewed. This would affect groups countywide which provide a range of services and activities in the community, catering for many different groups of people including older and vulnerable people, carers groups, people with mental ill health and people with disabilities. This proposed cut for the first year is £400,000. See **2016-17** for the proposed cuts for the second year.
- **Community Equipment Service - £290,000**
The council is proposing to reduce the current contribution it makes into a pooled budget with the local NHS, which is used to provide equipment to help people live safely at home. The range of equipment includes bathing and toileting equipment, power-assisted beds, specialist mattresses, hoists and specialist seating. A review will be carried out on the types of equipment currently provided, and the council will work to identify low cost items that could be bought directly by the client.

Children and Younger Adults - £5.081m including:

- **Adult Education - £80,000**
A review of the adult education service is proposed to restructure and reduce management costs, increase the money made by courses, assess and reduce the number of buildings and/or increase their use to reduce running costs to the county council where possible. A further paper is planned to go to a later Cabinet to look at these proposals in more detail. The proposed cut for the first year is £80,000. See **2016-17** and **2017-18** for the proposed cuts for the second and third years.
- **Children's Centres - £1m**
Following a review of children's centres the authority will consider closing up to seven of them, with further potential closures possible at a later date, with some services instead being provided through partnership working with other organisations and bases, volunteer-led support and targeted help and support for families that need it most.
- **Support for Disabled Children - £200,000**
A review and reduction of the support offered to disabled children. Joint assessment of health, education and social care services will help determine what would be offered. The proposed cut for the first year is £200,000. See **2016-17** for the proposed cuts for the second year. A further paper is planned to go to a later Cabinet to look at the Aiming High budget in more detail.
- **Youth Offending Service - £232,000**
The authority is proposing reducing the number of staff and cutting the amount of support offered to young offenders.

Economy, Transport and Environment - £7.064m including:

- **Community Transport - £600,000**
Over two years the council is proposing to cut all support it currently gives to the eight community transport schemes across Derbyshire. However, there will still be some money left to spend on public transport and it may be possible to use some of that funding to pay for community transport type services. The proposed cut for the first year is £600,000. See **2016-17** for the proposed cut for the second year.

- **b_line – £720,000**
The council's b_line scheme, which provides discounted fares on public transport for 14-19 year olds, and a discount scheme in 700 local shops for 11 to 19 year olds, is proposed to end in 2015. The council will look for alternative ways of helping young people to get discounts on public transport.
- **Local Bus Support - £1m**
Many rural and evening and Sunday bus services along with some daytime services on estate roads are paid for by the council. Many of these services are proposed to stop. The remaining money left in this budget will be used to help fund some services, subject to consultation. The proposed cut for the first year is £1m. See **2016-17** for the proposed cut for the second year.
- **School Crossing Patrols - £600,000**
The school crossing patrol budget pays for school crossing patrols in around 200 locations across the county. Under the proposals, all the school crossing patrols would end in 2015 unless alternative ways of funding individual sites can be found.
- **Countryside Service - £451,000**
Over the next three years, a third of the budget for countryside services is proposed to go. During this time, the council will look to pass responsibility for some of its sites to other groups and organisations and sell some sites. Under the proposals, the events programme will go unless alternative ways of funding it can be found. The council will try to increase income by charging more for car parking and renegotiating leases for things like ice cream vans and cafes at its sites. The proposed cut for the first year is £451,000. See **2016-17** and **2017-18** for the proposed cuts for the second and third years.
- **Winter Maintenance - £200,000**
Gritting routes will be reviewed to see if savings can be made by organising them in a different way and managing with fewer gritting lorries. This is likely to mean fewer roads are gritted.
- **Street Lighting - £400,000**
Over the next three years, the council is proposing to replace street lights in certain locations only but is looking at the possibility of replacing all its street lights with LED lights. This would cost millions of pounds, but would save money on maintenance and electricity costs for many years. The proposed

cut for the first year is £400,000. See **2016-17** and **2017-18** for the proposed cuts for the second and third years.

- Highway Maintenance - £1m
The council is proposing to spend less on routine highways maintenance but is developing proposals to invest in improving roads which will reduce maintenance costs. The proposed cut for the first year is £1m. See **2016-17** and **2017-18** for the proposed cuts for the second and third years.
- World Heritage Site - £60,000
Proposals are to reduce the amount the council spends on the Derwent Valley Mills World Heritage site, but to look for different ways of continuing to support it.

Health and Communities - £1.026m including:

- Community Safety Project Fund - £50,000
The proposal is to reduce the community safety project fund budget. This could impact on the amount and quality of the work done with communities to reduce issues such as domestic abuse, child sexual exploitation and anti-social behaviour. The proposed cut for the first year is £50,000. See **2016-17** for the proposed cut for the second year.
- Trading Standards - £150,000
The council is proposing to cut £150,000 from its Trading Standards Service by 2015-16. A review of the service will identify where cuts can be made, and this could impact on the response time of officers to routine complaints and less proactive work, including raids on shopkeepers selling illegal tobacco.
- Libraries and Heritage Restructure - £250,000
The council is proposing to restructure its libraries and heritage service and reduce opening hours and subsequently staffing levels. The proposed cut for the first year is £250,000. See **2017-18** for a further amount proposed to be cut.

PROPOSED ADDITIONAL CUTS FOR 2016-17**Adult Care - £13.426m including:**

- Grants to Voluntary Organisations - £2.3m
The proposed cut for the second year is £2.3m. See **2015-16** for details and the proposed cut for the first year.
- Direct Care Services – £6.160m
Over the next two years the council is proposing to cut the amount it spends on its Direct Care services by £11 million, which is a 25% cut. Direct Care is the social care staff employed by the council to provide care and support to hundreds of people across its residential homes, day care, extra support services and in people's homes. Under this proposal, there would be more of a focus on providing specialist care, for example in community care centres and extra care developments, but many people receiving care from the council's Direct Care services would need to transfer to the independent sector providers for their care. The council would provide 70% less home care, 50% less day care, 50% less residential care and 50% less community support. Any proposed change would be subject to full consultation before any decisions were taken. The proposed cut for this year is £6.160m. See **2017-18** for a further amount proposed to be cut.

Children and Younger Adults - £7.45m including:

- Adult Education – £50,000
The proposed cut for the second year is £50,000. See 2015-16 for details and the proposed cut for the first year. See 2017-18 for the proposed cut for the third year.
- Disabled Children – £285,000
The proposed cut for the second year is £285,000. See **2015-16** for details and the proposed cut for the first year.
- Support Work with Children and Families - £3m
Proposals are to reduce the early support work done with children and families with the potential closure of 13 of the county council's multi-agency teams, stopping the council's 'open to all' youth provision and some youth centres and instead only offering youth services to those youngsters most in need. The proposed cut for **2016-17** is £3m. See **2017-18** for a further amount proposed to be cut.

- Support Work with Schools - £500,000
The authority's support to schools, which is currently provided by the advisory service, is proposed to be reduced. Peer-to-peer support will be developed between county schools.
- Education Psychology Service - £140,000
Proposals to reduce the service provided by education psychology officers with less frequent visits to children with special educational needs.
- Local Inclusion Officers - £200,000
Proposals to reduce the service provided by local inclusion officers, with less frequent visits to children with special educational needs.

Economy, Transport and Environment - £5.448m including:

- Community Transport – £860,000
The proposed cut for the second year is £860,000. See **2015-16** for details and the proposed cut for the first year.
- Local Bus Support – £1.5m
The proposed cut for the second year is £1.5m. See **2015-16** for details and the proposed cut for the first year.
- Countryside Service -- £335,000
The proposed cut for the second year is £335,000. See **2015-16** for details and the proposed cut for the first year. See **2017-18** for the proposed cut for the third year.
- Street Lighting -- £420,000
The proposed cut for the second year is £420,000. See **2015-16** for details and the proposed cut for the first year. See **2017-18** for the proposed cut for the third year.
- Highway Maintenance - £1m
The proposed cut for the second year is £1m. See **2015-16** for details and the proposed cut for the first year. See **2017-18** for the proposed cuts for the third years.

Health and Communities - £705,000 including:

- Community Safety Project Fund - £50,000
The proposed cut for the second year is £50,000. See **2015-16** for details and the proposed cut for the first year.
- Library Stock - £350,000
Funding is proposed to be reduced to buy new books and other materials such as DVDs, ebooks, downloadable audiobooks, online services and newspapers for libraries. The proposed cut for **2016-17** is £350,000. See **2017-18** for a further amount proposed to be cut.
- Arts Service - £65,000
The council is proposing to cut funding by £65,000 in 2016-17 to arts groups which deliver activities to older people, disabled people, people with poor mental health and schools. This could result in activities being reduced or cut and arts groups suffering financial hardship.

PROPOSED ADDITIONAL CUTS FOR 2017-18**Adult Care - £6.725m including:**

- Direct Care Services - £4.840m
The proposed cut for this year is £4.840m. See **2016-17** for details and the initial amount proposed to be cut.

Children and Younger Adults - £9.463m including:

- Adult Education - £28,000
This is the last of three years of proposed cuts. See **2015-16** for details and the amount proposed to be cut in the first year. See **2016-17** for the amount proposed to be cut in the second year.
- Support Work with Children and Families - £7.5m
Proposals are to reduce the early support work done with children and families with the potential closure of a further 20 of the county council's multi-agency teams and the potential closure of a further 16 children's centres. The proposed cut for **2017-18** is £7.5m. See **2016-17** for initial proposals for cuts to the service.

Economy, Transport and Environment - £2.339m including:

- Countryside Service – £214,000
The proposed cut for the third year is £214,000. See **2015-16** for details and the proposed cut for the first year. See **2016-17** for the proposed cut for the second year.
- Street Lighting -- £441,000
The proposed cut for the third year is £441,000. See **2015-16** for details and the proposed cut for the first year. See **2016-17** for the proposed cut for the second year.
- Highway Maintenance - £350,000m
The proposed cut for the third year is £350,000. See **2015-16** for details and the proposed cut for the first year. See **2015-16** for the proposed cut for the second year.

Health and Communities - £812,000 including:

- Library Stock - £362,000
The proposed cut for **2017-18** is £362,000. See **2016-17** for details and the initial amount proposed to be cut.
- Libraries and Heritage Restructure - £400,000
The proposed cut for **2017-18** is £400,000. See **2015-16** for details and the initial amount proposed to be cut.

In addition to the proposed service cuts listed above, proposed savings of around £30m will be made by reducing the number of staff in all departments, increasing income, reducing communications, closing buildings, cutting budgets for staff training and purchasing, and smarter business practices, specifically. These proposed savings would take place across all three years (2015-16 to 2017-18):

- A new electronic home care recording system to record actual amount of time with clients for both Direct Care and independent sector providers. Payments to providers will then be based on actual delivery – 2015-16.
- Review back office costs in Children and Younger Adults (CAYA) department, management savings from a single structure for early help and safeguarding, reduced business services management costs and overall reductions in business services in line with reductions in the services it supports. Includes reductions in training, accommodation and specialist back office services – 2015-16.
- Looked after children - reduction in the direct costs of safeguarding by increased use of in-house foster carer provision and reduced reliance on expensive external placements – 2015-16, 2016-17, 2017-18.
- Performance and quality (CAYA): making efficiencies in performance and QA work while still carrying out essential, statutory checks, and increasing income from trading with schools – 2015-16.
- Education improvement consultants – staffing savings and/or increased income from trading with schools – 2015-16.
- Careers support service - reduced staffing and increased income from schools – 2015-16.
- Review of in-house Children's Homes- reduction in number of children's homes with more children in care placed in a family setting - 2015-16, 2016-17, 2017-18.
- Increased income generation - revised offer and development of new facilities from the Sport and Outdoor Education Service - 2015-16, 2016-17.
- Fostering and adoption – out-sourcing of in-house services to reduce costs – 2016-17.
- Increased income – opportunities to increase income from range of highways services – 2015-16.

- Gold Card – minimising the gap between Government funding and actual payments to operators – 2015-16.
- Efficiencies from the re-design of functions that support the delivery of services to residents - 2015-16, 2016-17, 2017-18.
- Improved value for money in the procurement of externally provided goods and services - 2015-16, 2016-17, 2017-18.
- Efficiencies from continued development of SAP in transactional and management information areas - 2015-16, 2016-17, 2017-18.
- Reduction in change management capacity – loss of capacity to deliver major change initiatives, will leave a reliance on the achievement of one-off funding through a bid process as the main way to continue service improvements - 2015-16, 2016-17, 2017-18.
- Changes in legislation around carbon reduction initiatives will lead to savings – 2015-16.
- Income generation - additional income from services delivered to residents - 2015-16, 2016-17, 2017-18.
- Reductions in property maintenance expenditure, to partly reflect reduced numbers of properties, will increase maintenance backlog – 2015-16.
- Service and staff reductions in Chief Executive's Office - reduction in budgets through reduced communications and policy and research services - 2015-16, 2016-17, 2017-18.
- Reductions in staffing across all departments - 2015-16, 2016-17, 2017-18.