

DERBYSHIRE COUNTY COUNCIL

COUNCIL

13 September 2017

Report of the Director of Finance & ICT

REVISED BUDGET 2017-18 AND FIVE YEAR FINANCIAL PLAN

1 Purpose of the Report

To obtain Council's approval for the proposals, considered and recommended to Council by Cabinet at its meeting on 20 July 2017, for the revision of the 2017-18 Revenue Budget.

2 Information and Analysis

(a) Revenue Budget 2017-18

Full Council approved the Revenue Budget 2017-18 on 8 February 2017 which set out details of pay and price increases, budget savings targets and service pressures, together with details of the General Reserve position and medium term financial projections which assumed Council Tax increases of 3.99% in both 2018-19 and 2019-20. This includes a 2% increase for the Adult Social Care precept.

Under section 24 of the Local Government Act 2003, the Director of Finance & ICT reported on the robustness of the estimates and the adequacy of the reserves allowed for in the budget. The budget report identified a number of budget savings, however, there was a shortfall in the overall amount of savings required in order to achieve a balanced budget. Therefore, it was agreed that the shortfall would be met from the Council's Budget Management Reserve.

The Council has no power to re-set the level of Council Tax for 2017-18 and other than the announcements made by Government following the budget set by Council in February, which are set out below, the funding allocations remain the same as those previously reported.

(b) Outturn 2016-17

The outturn for 2016-17 resulted in a contribution to the General Reserve of £15.360m. The external auditor will report details of the Council's Statement of Accounts 2016-17 to Audit Committee later in the year which will include

comment on the Council's ability to meet future budget savings and its financial standing.

(c) Changes in funding 2017-18

Following the Final Local Government Finance Settlement 2017-18 announced in February 2017, the Government has confirmed some changes to funding levels assumed as part of the budget setting process. Details of these changes are set out below.

New Homes Bonus - £0.002m

The Council received an indicative allocation of its New Homes Bonus grant at the time of the Final Local Government Finance Settlement 2017-18. The Council has now received confirmation of the final amount, which is £0.002m higher than the indicative allocation.

New Homes Bonus returned funding - (£0.005m)

The Government top-sliced the amount of Formula Grant to fund the New Homes Bonus (NHB). Any excess of the top-slice after making NHB payments was returned to local authorities. The Council's estimate for the amount to be returned was £0.005m lower than that estimated in the Budget Report in February.

Extended Rights to Free School Transport- £0.675m

The Local Government Finance Settlement in December 2016 announced that local authorities would receive the Extended Rights to Free Travel grant; however, individual local authority allocations were not announced until March 2017. The Council's allocation is £0.675m and will be utilised to support the additional service priorities identified for 2017-18, details of which are set out below.

Business Rates Capping - £2.723m

The grant compensates authorities for their individual reduction in business rates income associated with business rates measures announced at the Government's Autumn Statements. At the time of setting the budget, the Council estimated that the grant would be £1.000m. The additional £1.723m will be utilised to support the additional service priorities identified for 2017-18.

Additional improved Better Care Fund - £16.274m

The Government's 2017 Spring Budget announced in March 2017 included an additional £2bn funding nationally over the next three years with £1bn in 2017-18, £674m in 2018-19 and £337m in 2019-20. The allocations for the Council are:

| | £m |
|--------------|---------------|
| 2017-18 | 16.274 |
| 2018-19 | 10.340 |
| 2019-20 | 5.126 |
| Total | 31.740 |

The Government has attached a small number of conditions to the grant to ensure that the funding is used to support adult social care services and supports improved health and social care interface. The grant will be pooled in the Better Care Fund, to support a continuing agreement with local health authorities.

Local authorities and Clinical Commissioning Groups have a joint responsibility to implement each of the best practices set out in the High Impact Change Model for reducing delayed transfers of care, developed by the Local Government Association, NHS England and NHS Improvement (NHSI).

The Council has had early discussions with health colleagues and has identified a number of services which will utilise the funding.

(d) Contingency Budget

The Council maintains a Contingency Budget which has been used to help manage pay and price increases over which there is some uncertainty. At the Full Council meeting in February 2017, it was agreed to set aside £1.000m for the Apprenticeship Levy pending details of the final costs to the Council and £7.000m to meet the costs of the Living Wage.

The Apprenticeship Levy costs, excluding schools, have been calculated at £1.000m. Therefore, a budget transfer will be made from the Contingency Budget to cover these costs.

At its meetings of 14 March 2017 and 4 April 2017, Cabinet considered reports in respect of Independent Sector Home Care Fees and Independent Sector Care Home Fees 2017-18, and approved the appropriate fee increases. The total costs will be £4.668m.

This leaves a balance of £2.232m which will be transferred to the Risk Management budget, the balance of which will support the budget in future years.

(e) Service Priorities

Highways Maintenance - £6.000m (2017-18 - £1.500m and 2018-19 £1.500m base budget allocation, 2017-18 to 2019-20 £1.000m per annum one-off allocation)

A total of £6.000m will be allocated over the period 2017-18 to 2019-20 comprising a base budget allocation of £1.500m in both 2017-18 and 2018-19, and £1.000m per annum from 2017-19 to 2019-20.

The additional funding will be used in two broad areas:

- A coordinated, cyclic maintenance programme where the focus is on preventative action, rather than a reactive service aimed at tackling problems after they have occurred.
- A programme of maintenance improvements that add significantly to the quality and lifespan of footways and carriageways.

Cyclical Maintenance Programme

The intention is to carry out cyclic maintenance programmes covering the highway asset in a coordinated manner to make best use of traffic management, minimise disruption and maximise value for money. The plan will be to cover the highway from wall to wall or hedge to hedge, prioritising town centres and routes according to the network hierarchy.

The programme will be coordinated to cover many aspects of highways maintenance that are no longer done on a regular, planned basis: replacing worn out road markings, cleaning and replacing signs, tackling drainage works such as grips, ditches, culverts and trash screens, improving maintenance of bridges and retaining walls, repairing electrical assets such as warning lights near schools or variable message signs, cutting back vegetation and verge encroachment. While primarily aimed at carriageways and footways, the programme will also cover rights of way and greenways where appropriate.

Maintenance Improvement Programme

Part of the funding will be invested in a programme of patching and resurfacing aimed at improving the surface condition and life expectancy of carriageways, footways and rights of way across the county.

Footway maintenance works will include town centres, using appropriate materials such as stone flags and cobbles where necessary, and priorities such as routes to school. Carriageway works will focus on main roads, town centres and key industrial and business locations, as well as targeting locations where insurance claims are concentrated.

Both programmes, in combination, will prevent problems occurring rather than fixing defects once they have happened. This should also free up precious

capital funds for schemes aimed at improving road safety, environmental and accessibility issues.

Public Transport - £3.100m (2018-19 - £2.600m and 2019-20 - £0.500m)

A total allocation of £3.100m will be made to support public transport services, with base budget allocations of £2.600m and £0.500m in 2018-19 and 2019-20 respectively. With further savings of £0.300m projected in 2020-21 (as set out in the report to Cabinet on 22 November 2016) there will be a subsequent reduction to the base budget in that year. The proposed funding profile would enable reasonable levels of public transport accessibility to be maintained across Derbyshire. This includes the continuation and further development of “Derbyshire Connect” services, which replace the current grant funded dial-a-bus and aCTive travel community transport from October 2017.

Following an initial withdrawal of some local bus services with low passenger use from October 2017, the funding would allow plans to be progressed to review all of the remaining tendered services on an area by area basis by April 2019. These area reviews would rationalise bus networks and further improve the value for money of the Council’s contracted bus services by better focusing resources around actual use, adjusting provision to maintain an appropriate level of provision for the demand that exists. Some areas of low demand which are expensive to serve by conventional bus routes would see their service replaced by enhancements to the Derbyshire Connect service.

The funding would also allow the further development of Total Transport solutions which seek to improve integration with statutory bought in transport services such as Home to School, Special Educational Needs or Disabilities, and Adult Care transport, and with transport provided by external stakeholders, such as colleges and non-emergency hospital transport. It would also allow the development of partnership working with bus operators to develop and grow the use of commercially provided bus services in the county.

Unaccompanied Asylum Seeking Children (UASC) £1.500m (2018-19 £1.000m and 2019-20 – £0.500m)

The UASC transfer protocol has been created to enable the safe transfer of UASC from one UK local authority to another UK local authority commencing 1 July 2016. The protocol could see a potential 20% rise in the Derbyshire looked after population. In order for the Council to meet its statutory duties, it is proposed to establish a specialist Social Work team working with young people through to the age of 21 to enable continuity of care.

At its meeting on 8 February 2017, Full Council approved a service pressure allocation of £1.494m. To meet anticipated costs in future years, the FYFP assumes an allocation of a base budget pressure of £1.000m and £0.500m in 2018-19 and 2019-20 respectively.

Grants

The Council will provide support for voluntary activities by providing 750 Youth Activity Grants and 750 Derbyshire Sport and Community Action Grants. In addition, a further 500 grants will be offered to support Community Safety Projects, Neighbourhood Watch Schemes and Anti-fraud Initiatives. The costs of awarding these grants will be £1.000m which will be met from Earmarked Reserves.

Arts Grants

The Revenue Budget Report 2016-17 approved by Full Council on 10 February 2016 set out details of savings to arts grants for the sum of £0.125m, with a further cut of £0.079m in relation to the Arts Service approved by Full Council as part of the Revenue Budget Report 2017-18. To promote participation in the arts, particularly by disadvantaged groups, arts grants will continue to be available to local community groups, and a sum of £0.125m has been allocated to the base budget for this purpose. Furthermore, the planned saving of £0.079m will be rescinded and an allocation of base budget will be allocated.

Buxton Crescent

The Buxton Crescent is a complex project on a Grade 1 listed building involving different organisations and funding streams, which has been subject to reports to Members over several years. Conservation and restoration works commenced on a large scale; during the progression of these works additional, unforeseen issues with the building have been uncovered which require additional specialist attention in order for the project to be completed. The Council has entered discussion with other funding partners to seek the additional funds required to remedy the issues; at this stage the Council is proposing to underwrite the publicly funded element of the shortfall from General Reserve to ensure the project continues, the cost of which is estimated to be £4.500m. The project will remain under ongoing review.

Inward Investment

It is a priority to ensure the Council works towards the achievement of increased economic prosperity for the Council. As such, and subject to a further report to Cabinet, it is proposed that up to £200,000 per annum is allocated to regeneration activities.

(f) Budget Savings

As part of the Revenue Budget Report to Full Council on 8 February 2017, the Director of Finance & ICT reported on the robustness of the estimates included in the budget and the adequacy of reserves. This is a statutory requirement and is connected to matters of risk and uncertainty. The report

emphasised the many processes and procedures which underpin the successful budget management approach adopted by the Council.

Details of planned savings for all departments for the period 2017-18 to 2021-22 are set out in Appendix One. All of these proposals have been part of previous reports to Cabinet and Council and present no new options for balancing the budget. The decision about whether these proposals are made into firm savings will depend on annual approvals as part of the budget setting process and are, therefore, subject to change.

(g) Five Year Financial Plan (FYFP)

The FYFP is updated on an annual basis; this report covers the period 2017-18 to 2021-22. The Plan has been revised, where possible, to reflect the latest funding announcements including those announced in the Government's Spring Budget 2017. It includes updated assumptions on pay and price increases, service pressures and receipts from Government Grants and Council Tax. The updated Plan identifies the possible level of savings that are likely to be needed through to 2021-22. The Council Tax projections have been revised to reflect a change to the projected income in the previous version of the Plan. It is proposed that there will be Council Tax increases of 3.99% in both 2018-19 and 2019-20 including the Adult Social Care precept, with a Council Tax freeze planned for both 2020-21 and 2021-22.

The Plan supports corporate planning and shapes the Council's Financial Strategy and annual budgets by establishing the resources that are likely to be available for allocation to meet service priorities contained within the Council Plan.

Service pressures, such as demographic growth, contribute to year-on-year change in demand which is significantly in excess of funding streams available. In particular, since 2010, Government grants have been reduced significantly. The Council adopts a proactive approach in response to these funding savings by identifying future pressures and associated risks, developing and implementing plans to address them. This includes the development of a programme of budget savings over the medium term in order to achieve a balanced budget.

Successive FYFPs have identified the need to make significant budget savings. Between 2010 and 2022 it is estimated that the Council will have made budget savings totalling nearly £300m.

The proposed Plan identifies a set of budget savings in Appendix One. The total of the savings, together with the savings identified in the 2017-18 Revenue Budget report, is £63.119m and is therefore a significant contribution towards the total savings of £84.789m required over the period of the Plan.

The level of budget savings required over the next five year period remains significant. The achievement of a balanced budget is significantly dependent

on the Council meeting its budget saving target over the medium term subject to any smoothing out of annual targets by use of one-off resources. 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 budget savings, will require a call on the General Reserve or on Earmarked Reserves held for the purpose of managing departmental budget shortfalls.

The updated FYFP is shown at Appendix Two together with the assumptions used in developing the Plan.

(h) Uncertainty and Risk

There are a number of items which Members need to have regard to when making decisions on the budget. It is prudent that Members understand these pressures and at the same time recognise how the Council's financial position needs to retain a degree of flexibility in order to meet these challenges and any others that might arise in year.

- **Children's Services**

Members should have regard to the significant service pressures faced by the department over the medium term. The Revenue Outturn Report 2016-17 considered by Cabinet on 20 July 2017 showed an overspend for the department of £5.598m, whilst the latest year-end projections for 2017-18 are estimating an overspend of approximately £5m. The service has identified a number of cost pressures including increasing numbers of children subject to a protection plan, high rates of social care referrals, increasing numbers of children subject to Special Guardianship Orders and increasing numbers of children with complex educational needs. This reflects the national picture as there has been an unprecedented surge in demand for children's social care support in recent years, with the Local Government Association estimating that a minimum of £2bn will be required nationally by 2019-20 to fund the additional pressures on children's services as a result of a growing population and inflation.

The FYFP illustrates that there are planned budget allocations to the service in future years in respect of safeguarding and Unaccompanied Asylum Seeking Children, however, the department will still be required to achieve its share of the total Council savings of £85m required over the period 2017-18 to 2021-22.

Whilst the department has an earmarked reserve to meet any year-end overspends, the balance of £2.154m is likely to be utilised at the end of the current financial, therefore any overspend in 2017-18 above this amount and overspends in future years will require a drawdown from the General Reserve, subject to any proposals that can be developed to

alleviate the budget pressures. This will be considered as part of the monitoring of budgets in-year.

- **Business Rates Retention Scheme**

Details of changes to the scheme have been consulted on in the last 18 months with an indication that local authorities will be given additional responsibilities as the amount collected in business rates outweighs the current funding quantum allocated to local authorities. However, the Queen's Speech, announced in June 2017, removed the Local Government Finance Bill from the legislative programme therefore providing some uncertainty regarding the planned changes to the scheme. The Government have stated that it is still committed to providing local authorities with more control of the money they raise and will work closely with local government to agree the best way to achieve this.

The introduction of the current localised 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.

A further, potentially more significant, risk relates to the impact on business rates from an economic downturn. At present Government can act as a buffer to remove any sudden shocks to local authority funding.

- **Academisation**

The Comprehensive Spending Review made a commitment to convert all secondary schools to academies. If all the secondary schools within the county were to convert, this would have a significant impact on the Council's finances particularly the potential for 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 charges to mitigate the financial strain of implementing the Living Wage. There is also likely to be a longer term impact on employee pay as differentials are squeezed. The Government has stated that it expects the National Living Wage to reach £9 an hour by 2020.

- **Public Health Funding**

The Council currently receives Public Health funding in the form of a ring-fenced grant. The Government were due to 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. This was expected to occur in 2019-20, however as stated earlier in the report, there is now some uncertainty regarding the Government's proposals to devolve business rates income to local authorities. Meanwhile the Government will be cutting overall allocations by 6.2% nationally with further changes possible from the adoption of a revised funding split.

- **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 main exception of residential care home fees.

- **Pay Awards**

The Plan assumes a general 1% increase in each year of the Plan. This assumes that the public sector pay cap will continue over the medium term. Therefore, any decision to award an increase above 1% will result in additional savings over and above those identified in the Plan. A 1% increase equates to an additional cost of £2.5m. There is currently growing pressure to end the cap.

(i) 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 over the medium term are regularly monitored to ensure they are adequate to manage the risk of the Council. This covers both the General and Earmarked Reserves. Details of the last review were reported to Cabinet on 24 January 2017. A further review of Earmarked Reserves is scheduled to take place during the Summer, details of which will be reported to Cabinet in due course. Details of the outstanding balances on the Earmarked Reserves are shown in the Revenue Outturn Report which is for consideration at this meeting.

General Reserve

As at 31 March 2017, the Council had a General Reserve balance of £51.267m. The projected movements on the General Reserve are shown below.

| | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| | £m | £m | £m | £m | £m |
| Opening Balance | 51.267 | 45.468 | 31.468 | 28.968 | 27.468 |
| Plus Expected Contributions | 9.193 | 3.500 | 2.500 | 2.500 | 2.500 |
| Less Use | (14.992) | (17.500) | (5.000) | (4.000) | (5.000) |
| | 45.468 | 31.468 | 28.968 | 27.468 | 24.968 |

Contributions

| | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| Budget Monitoring Report - Projected Underspend | 2.000 | 2.000 | 2.000 | 2.000 | 2.000 |
| Contributions from Earmarked Reserve | 1.500 | 1.500 | 0.500 | 0.500 | 0.500 |
| Contributions from Departmental Underspends | 5.693 | 0.000 | 0.000 | 0.000 | 0.000 |
| | 9.193 | 3.500 | 2.500 | 2.500 | 2.500 |

Use

| | | | | | |
|---------------------------------------|---------------|---------------|--------------|--------------|--------------|
| Prior Year Commitments | 4.822 | 2.000 | 2.000 | 2.000 | 2.000 |
| Elections | 1.000 | 0.000 | 0.000 | 0.000 | 1.000 |
| Public Transport | 2.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Buxton Crescent | 0.000 | 4.500 | 0.000 | 0.000 | 0.000 |
| VR/VER | 0.000 | 3.000 | 0.000 | 0.000 | 0.000 |
| General Revenue Budget Support | 7.170 | 3.000 | 3.000 | 2.000 | 2.000 |
| Support for cuts shortfall in 2018-19 | 0.000 | 5.000 | 0.000 | 0.000 | 0.000 |
| | 14.992 | 17.500 | 5.000 | 4.000 | 5.000 |

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 within cash limits. Budgets will continue to be subject to regular monitoring and reporting to both budget holders and Members.

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, the National Living Wage and waste which will also have an impact on the balance if departments overspend. The level of General Reserve is projected to be between around £25m to £30m over the medium term. 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 the council’s net spending as a prudent level for risk based reserves. At the end of the current planning period it is expected that

the General Reserve balance will be 5%, this relies on the full level of savings being achieved in a timely fashion in the period up to 2021-22.

Local authorities are required to maintain a prudent, risk assessed level of General Reserve, relative to spending for that year. Reserves are required to mitigate against the financial risk and provide for future spending plans. The table below illustrates the General Reserve balance as a percentage of the Council's spending (Net Budget Requirement).

| | Annual Net Budget Requirement | Closing General Reserve | |
|----------------|--|------------------------------------|----------|
| | £m | £m | % |
| 2017-18 | 502.913 | 45.468 | 9.0 |
| 2018-19 | 491.871 | 31.468 | 6.4 |
| 2019-20 | 503.480 | 28.968 | 5.8 |
| 2020-21 | 491.900 | 27.468 | 5.6 |
| 2021-22 | 501.160 | 24.968 | 5.0 |

(j) Summary

The Plan shows that savings of £84.789m are required up to and including the year 2021-22. This is reliant on the additional Better Care Fund allocations being available to support Adult Care spend. The Council will monitor the Government's proposals with regard to any changes to the way local authorities are funding in future years. Until the Government publishes 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 Five Year Financial Plan illustrates significantly lower savings will be required in later years and therefore it is considered appropriate to use reserves to smooth out the impact of budget savings over at least a two-year period. It is expected that departments will meet their share of the 2018-19 budget savings plus any shortfall remaining from previous years by the end of March 2019 without any further need for reliance on one-off measures to balance the budget. There may be exceptional reasons to support base budget with one-off resources beyond April 2019 but this is not expected to be significant.

3 Legal and Human Rights Considerations

As the saving proposals described in 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.

4 HR Considerations

The actual scale and detailed composition of the 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 savings 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 savings.

5 Equality and Diversity Considerations

In 2015 the Council developed a draft Community Impact Assessment that made an initial assessment of the potential impact of budget savings to 2015-16. The assessment draws on Equality Impact Assessments, consultations and the wider contextual information available, including business cases for each budget proposal. This work is updated on a regular basis, more recently to include new and revised budget cut proposals and provides an overview of people and places where budget savings proposals may have a negative impact, including those where the cumulative effect might be greatest. Geographical mapping of both proposed and implemented budget savings, where appropriate, also supports this work which provides the foundations for the necessary programme of detailed Equality Impact Assessments. This ensures that decisions are informed by the fullest understanding of their effect on people and communities, as well as highlighting those groups which may need to be consulted on proposals as they emerge.

6 Other Considerations

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

7 Background Papers

Final Local Government Finance Settlement 2017-18 – Department for Communities and Local Government

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

8 Officer's Recommendations

That Council:

- i. Notes the changes to funding received since the Council approved the budget in February 2017 as set out in section (c);
- ii. Approves the allocation of base budget and one-off funding to departments for 2017-18 and future years as set out in section (e);
- iii. Approves the allocation of £1.000m from Earmarked Reserves to support grants to the voluntary sector as set out in section (e);
- iv. Approves the revised Five Year Financial Plan as set out in section (g) and Appendix Two;
- v. Notes the General Reserve projections as set out in section (i)
- vi. Notes the budget saving proposals in Appendix One.

PETER HANDFORD

Director of Finance & ICT

Budget Savings

Budget Savings Proposals 2017-18

Adult Care – Total - £11,610,000

Transport policy - £300,000

The Council's Cabinet has agreed to review transport for adults who use day services using criteria laid out in its transport policy. This change may result in less people being eligible for the service which will lead to savings.

(previously approved by Cabinet – 17 June 2014)

Consolidate block contracts - £714,000

Large block contracts to agencies and organisations for services are being switched to spot purchases. This began in October 2016 and will ensure that the Council is only paying for services that are being delivered, and that they are delivered as efficiently as possible.

Increase client contributions (co-funding) - £300,000

It was agreed in July 2014 by the Council's Cabinet to raise the amount people pay for council care and support to live at home. This is being introduced over time and charges are being calculated based on a maximum of 75% of Attendance Allowance or Disability Living Allowance. **(previously approved by Cabinet – 15 July 2014)**

Review Section 117 cases - £400,000

Review of clients who are currently recorded as being under a s117 order to ensure that client co-funding (contributions towards their care) and health contributions are maximised. Section 117 entitles people to free aftercare if they have been in hospital under certain sections of the Mental Health Act 1983.

Address double handling - £750,000

Double handling is the term used when two members of staff care for a client at any one time, for instance where they need moving or lifting. Training and the use of new technology to help with moving and lifting will reduce the number of appointments where two carers are required in certain circumstances while ensuring staff and clients remain safe.

Demand management - £3,300,000

Currently a high proportion of people who contact, or are referred to Adult Care, become clients. The proposal is to review the Council's approach and look at further ways of promoting people's independence and improving the ways the Council signposts people to other services and support in their communities. This will include more targeted information and increasing support to carers.

Review other prevention services - £150,000

Efficiency savings in the Welfare Benefits Service.

**Use of improved Better Care Fund to support Adult Care Services -
£5,318,000**

Use part of the additional funding allocated through the Improved Better Care Fund for supporting certain Adult Care services.

Full year effect of 2016-17 schemes - £378,000

Cuts to Voluntary Organisations - £40,000

Review clients not in receipt of Attendance Allowance/Disability Living Allowance - £12,000

Closure of council-run residential homes for older people - £326,000

Chief Executive's – Total - £197,000

Staffing - £41,000

The Council will employ fewer people in communications, its contact centre Call Derbyshire, policy and research and secretarial teams. This will be achieved by not replacing people when they leave.

Running expenses - £102,000

Some general budgets in the department will be reduced and the Council will also reduce the running costs for some of its digital communication systems, such as the website.

Voluntary organisations - £54,000

Grants to voluntary organisations will be reduced.

Children's Services - Total £6,163,000

School Improvement Service – £1,555,000

The Council will reduce its subsidy to the service. Its costs will be largely funded from the income the Council makes from the services it sells to schools and from external grants.

Additional funding from grants – £2,679,000

This includes what the Council expects to get from the £50m National School Improvement Funding scheme announced by the Government, plus increased income from the Dedicated Schools Grant to support the Council's functions in schools and academies.

Back office costs – £873,000

This will be achieved by reducing general business support, including staffing, and specialised back office functions in line with reductions in the Council's front line services.

Outdoor Education Service – £149,000

The Council's Outdoor Education Service will reduce its net costs by widening the facilities available to schools and families, such as weddings, functions and camping, for example, to generate additional income, reviewing its charges and by delivering cost reductions.

Disabled children's services – £396,000

This saving reflects the full-year impact of the end of the 'Aiming High' respite care programme for young people with disabilities and their families, which ceased in 2016. The service will also review the scope for further savings.

Joint use – £23,000

This figure represents the proposed reduction in the financial support to South Derbyshire District Council for 'joint use' provision of Etwall swimming pool.

Youth offending – £300,000

The Youth Offending Service will be restructured to reduce the net cost of running the service, including staffing.

Commissioning – £113,000

This represents the savings generated from withdrawing welfare rights and benefits support from Citizens Advice in children's centres and GP surgeries. In future, funding from the Council's public health prevention budget will provide on-going Citizens Advice services for families across the county.

Supporting Families – £75,000

This saving will be achieved by reductions in the management costs of the service's work with vulnerable families and teenagers.

Corporate Resources and Corporate – Total - £3,126,000

Administration and employee savings - £961,000

The Council will save this money by employing fewer people in HR, Finance & ICT, Property and Legal & Democratic Services. This will mainly be achieved by not replacing people who leave but some services may need to be reorganised. During 2016 the Council carried out a review of senior management costs and has already reduced posts, contributing significantly to this saving. Money will also be saved by making use of technology and new ways of working to reduce the costs of basic consumables like paper.

Additional income - £155,000

Income will be gained by charging more for the Council's registration services and from attracting new customers to buy its recruitment and payroll services on a commercial basis.

IT budget - £360,000

The amount spent on new IT projects and systems will be reduced and less will be spent on maintaining current IT systems.

Procurement savings - £590,000

As contracts for telecommunications, the IT network and other services come up for renewal savings will be made by buying these services for less money.

Insurance reductions - £170,000

This money will be saved by accepting a higher level of insurance risk which will lower insurance premiums.

Property Repairs and Maintenance - £890,000

The amount spent on maintaining properties owned by the Council will be reduced.

Economy, Transport and Communities - Total - £3,940,000

Staffing - £1,734,000

The number of staff in the department is being reduced by up to 70 posts by not replacing people when they leave, staff reorganisations and maximising income to pay for staff costs. Further staffing savings are proposed in coming years up to 2020-21.

Vehicle fleet - £100,000

The number of vehicles used across the department has been reduced.

Street lighting - £90,000

This money will be saved by converting street lights to LED fittings which will save energy and maintenance costs. A total of £34m is being invested by the Council in this three-year project. See 2018-19 for further savings proposed from street lighting.

Countryside Service - £408,000

The service has been restructured and resources will be concentrated on those centres that are most used - Elvaston, Shipley, Middleton Top and High Peak Junction. The Council is looking for alternative sources of funding and generating income through commercial activity to help continue this valued public service. See 2019-20 for further savings proposed from the countryside service.

Gold Card concessionary fares - £250,000

The cost of providing subsidised fares for older people and people with disabilities has reduced due to demand being lower than in previous years, achieving this saving. Further Gold Card savings are proposed for 2018-19.

Road safety - £240,000

Funding for the Derby and Derbyshire Road Safety Partnership will be

reduced but the Council will continue to work with partners to improve road safety. See 2018-19 for further savings proposed from road safety.

Rail partnerships - £30,000

Less money will be given by the Council to community rail partnerships but support will be continued to help them in other ways.

Community safety and emergency planning - £212,000

The Council has restructured these services to save staffing costs. The community safety project fund has been reduced which means the Council will do less work with communities to tackle anti-social and criminal behaviour, although this will be offset by the investment in community safety grants mentioned in the report.

Picture the Past - £30,000

The Council's contribution to the service will end.

Derbyshire Sport - £50,000

The Council will no longer help fund the Derbyshire Institute of Sport but will continue to work with partners to promote participation in sport and active lifestyles.

Trading Standards - £69,000

This saving has been found mainly from back office budgets.

Health and Communities - £55,000

This saving has been found mainly from former Health and Communities Department back office budgets as a result of the creation of the Economy, Transport and Communities Department. See 2018-19, 2019-20 and 2020-21 for further savings proposed from Health and Communities.

Derbyshire Record Office - £65,000

The Council has already carried out a consultation on proposals to reduce the opening hours at the Derbyshire Record Office which will save this money.

Libraries - £607,000

A library strategy will be developed and implemented, following public consultation, to help to reshape the way the service is delivered and to reduce costs such as through the better use of buildings and increasing the use of self-service technology. The amount spent on books and other items will also be reduced. See 2018-19, 2019-20 and 2020-21 for further savings proposed from libraries.

Budget Savings Proposals 2018-19 – 2021-22

Adult Care - Total - £14,801,000

Electronic home care recording - £700,000

We commission home care from agencies and use an electronic time recording system which logs time spent with clients. We are currently looking at replacing this system with a more efficient, fully computerised system which will more accurately record this time. The result will be that we will pay for the amount of time spent with a client, rather than blocks of time, resulting in a saving. The new system would also alert us quickly to a missed call.

Transport policy - £700,000

As explained in 2017-18 savings.

Consolidate block contracts - £200,000

As explained in 2017-18 savings.

Reduction in commissioning and performance staffing - £701,000

A number of restructures and reductions on staff numbers at all levels within the division to reflect the reductions in frontline services are proposed up to 2020, with some already at the implementation stage. These changes would be in line with corporate policies and consultation.

Increased use of assistive technology - £2,500,000

A range of equipment is available for people who need extra support to live at home, for example alarms and pressure pads, called Assistive Technology. We will be reviewing the range of equipment and how it is provided to increase the independence of clients and help to support them at home, which may result in them needing fewer services and therefore budget savings.

Reduce spending on learning disability services - £5,000,000

By working more closely with health services, streamlining the assessment process and matching clients more effectively with support services, including with less traditional services, savings can be made. This will require a radical change in the way health and social care work together to create a fully integrated approach, especially for people with the most complex needs.

Increase client contributions (co-funding) - £500,000

The Department of Health is currently planning to issue revised guidance on charges for care services. This is expected to increase the amount of income received by the Council.

Demand management - £3,300,000

As explained in 2017-18 savings.

Review in-house day care provision - £1,200,000

Clients currently using council day care will be reassessed and, where appropriate, offered alternatives to a traditional day care service. This could include luncheon clubs, social activities or outings, befriending services or sporting activities for disabled people. The day care service will then be restructured to reflect the reduction in its use.

Chief Executive's Office – Total - £921,000

2019-20

Staffing - £706,000

We will employ less people in Communications, Call Derbyshire, Policy and Research and secretarial teams. This will be achieved by reorganising all our services.

2020-21

Staffing - £215,000

We will employ less people in Communications, Call Derbyshire, Policy and Research and secretarial teams. This will be achieved by reorganising all our services.

Children's Services – Total - £7,760,000

2018-19

School Improvement Service – £138,000

The Council will remove the balance of the subsidy and the service's costs will be funded from income from trading and grant income.

Early Help - £300,000

The Council, in conjunction with its partner agencies, will undertake a major review of the early help provision for vulnerable children and their families. The partnership will explore opportunities to share services, to remove duplication and reduce the costs of the service.

Safeguarding - £466,000

This will be achieved by savings generated by equalizing the cost of adoption placements across the region, by recommissioning accommodation for care-leavers and reviewing some discretionary budgets for families.

Back office costs – £611,000

Further reduction of general business support, including staffing, and specialised back office functions in line with reductions in the Council's front line services.

Youth offending – £145,000

This represents a continued reduction in the net subsidy from the Council.

Special Educational Needs and Disability (SEND) and Inclusion - £543,000

Provision of SEND will be subject to a wide-ranging review which aims to increase efficiency and effectiveness in the delivery of SEND services and the processing of Early Help Care Plans.

Services for teenagers - £264,000

This represents savings in the cost of supporting care leavers' employment and an examination of alternative delivery and partnership options for the funding and operation of the Donut Centre (DCAS) in Chesterfield.

Catering - £211,000

The Council will aim to ensure that the full cost of the service, which also includes catering provided at County Hall and at Chesterfield Library, as well as in schools, is covered by the income earned.

Outdoor Education Service - £180,000

As indicated in the 2017-18 budget proposals, the Outdoor Education Service will continue to reduce its net costs in 2018-19.

Home to School Transport Service - £107,000

The Council's Home to School Transport Service will review the scope for savings in those non-statutory elements of its provision.

Additional funding from grants – £70,000

The Council will seek an increased contribution from the grant income it receives to ensure management costs are recouped in the delivery of grant-funded services.

2019-20

Back office costs – £383,000

This will be achieved by reducing general business support, including staffing, and specialised back office functions in line with reductions in the Council's front-line services.

Catering - £211,000

As indicated in the 2018-19 proposals, the Council will aim to ensure that the full cost of the service is covered by the income earned.

Early help - £1,592,000

As indicated in the 2018-19 proposals, the on-going review of the early help offer to vulnerable children and their families will continue to identify significant savings in 2019-20.

Services to 0-5 year olds - £1,000,000

The Council and its partner agencies are to undertake a major review of the services all of the partners provide for children aged 0-5 and their families. This review will examine how the service could be redesigned and how partnership working could deliver a more efficient service.

Home to School Transport Service - £183,000

As indicated in the 2018-19 proposals, a review of the service will continue to identify savings which can be made.

Outdoor Education Service - £180,000

As indicated in the 2017-18 budget proposals, the Outdoor Education Service will continue to reduce its net costs in 2019-20.

Safeguarding - £325,000

This is the full year impact of the proposed savings from the service review indicated in the 2018-19 budget proposals.

SEND and Inclusion - £115,000

This is the full year impact of the proposed savings from the service review indicated in the 2018-19 budget proposals.

Services for teenagers - £240,000

This is the full year impact of the proposed savings from the service review indicated in the 2018-19 budget proposals.

2020-21

Back office costs – £236,000

This will be achieved by reducing general business support, including staffing, and specialised back office functions in line with reductions in the Council's front line services.

Home to School Transport Service - £260,000

Further impact of the service review in 2018-19.

Corporate Resources Total - £2,797,000

2018-19

Administration and employee savings - £533,000

We will save this money by employing fewer people in HR, Finance & ICT, Transformation, Property and Legal & Democratic Services. This will mainly be achieved by not replacing people who leave, but we will need to carry out restructuring to make the most of our reducing resources.

IT budget - £200,000

We will reduce the amount we spend on new IT projects and systems and will spend less on maintaining our current IT systems. We will also reduce the amount we spend on IT services available to support the front line.

Insurance reductions £105,000

This money will be saved by accepting a higher level of insurance risk which will lower our insurance premiums.

Reduction in property running costs and maintenance £490,000

This will lead to a move to reactive rather than planned maintenance and an overall deterioration in the condition of Council buildings, such as offices, libraries, homes for older people and children's centres.

2019-20

Administration and employee savings - £984,000

We will save this money by employing fewer people in HR, Finance & ICT, Transformation, Property and Legal & Democratic Services. This will mainly be achieved by not replacing people who leave, but we will need to carry out restructuring to make the most of our reducing resources.

IT budget - £235,000

We will reduce the amount we spend on new IT projects and systems and will spend less on maintaining our current IT systems. We will also reduce the amount we spend on IT services available to support the front line.

Reduction in property running costs and maintenance £250,000

This will lead to a move to reactive rather than planned maintenance and an overall deterioration in the condition of Council buildings, such as offices, libraries, homes for older people and children's centres.

Economy Transport and Communities - £11,804,000

2018-19

Street lighting - £755,000

This money will be saved by converting street lights to LED fittings which will save energy and maintenance costs. A total of £34m is being invested by the Council in this three-year project. We will also save £110,000 on street lighting on unadopted roads. See 2017-18 and 2019-20 for further savings proposed from street lighting.

School crossing patrols - £300,000

The School Crossing Patrol Service will be reviewed. We will work with schools and communities to look for alternative sources of funding.

Winter maintenance - £500,000

We will save money through reducing the cost of vehicles and other overheads. We may have to review existing gritting routes.

Gold Card concessionary fares - £250,000

See 2017-18 for details and further savings.

Highway Agency agreements - £150,000

We will reduce the cost of highway maintenance work carried out on our behalf by other organisations.

Parking management - £25,000

We will save money by managing parking services in different ways. See 2019-20 for further savings proposed from parking management.

Road safety - £400,000

Funding for road safety activity will be reduced but we will continue to work with partners to improve road safety.

Environmental studies and forest schools - £120,000

We will charge more for these services and reduce overheads to make them self-funding.

Historic Buildings Grants - £40,000

We will stop providing grants to preserve historic buildings.

Markham Vale - £325,000

The Council will reduce its funding for the continued development of the business and logistics park as the project nears completion.

Review of Buxton Museum - £40,000

The service will be restructured to make savings from the staffing budget.

Health and Communities staffing - £185,000

This saving will be found from former Health and Communities Department staffing and project budgets in Trading Standards (£64,000), Community Safety (£52,000), Emergency Planning (£18,000) and back office (£51,000) as well as identifying ways of generating income and reducing costs. See 2017-18, 2019-20 and 2020-21 for further savings proposed from Health and Communities.

Libraries - £280,000

A library strategy will be developed and implemented, following public consultation, to help to reshape the way the service is delivered and to reduce costs such as through the better use of buildings and increasing the use of self-service technology. See 2017-18, 2019-20 and 2020-21 for further savings proposed from libraries.

2019-20

Street lighting - £475,000

This money will be saved by converting street lights to LED fittings which will save energy and maintenance costs. A total of £34m is being invested by the Council in this three-year project. See 2017-18 and 2018-19 for further savings proposed from street lighting.

Countryside Service - £500,000

See 2017-18 for details and further savings.

Parking management - £90,000

See 2017-18 for details and further savings.

Waste - £3,400,000

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

Libraries - £300,000

A library strategy will be developed and implemented, following public consultation, to help to reshape the way the service is delivered and to reduce costs such as through the better use of buildings and increasing the use of self-service technology. See 2017-18, 2018-19 and 2020-21 for further savings proposed from libraries.

Health and Communities Staffing - £174,000

This saving will be found from former Health and Communities Department staffing budgets in Trading Standards (£60,000), Community Safety (£49,000), Emergency Planning (£17,000) and back office (£48,000) as well as identifying ways of generating income and reducing costs. See 2017-18, 2018-19 and 2020-21 for further savings proposed from Health and Communities.

2020-21

Highways - £1,000,000

This money will be saved through reducing overheads such as buildings and vehicles used for highway services.

Staffing - £1,866,000

The number of staff will be reduced by not replacing people when they leave, staff reorganisations and maximising income to pay for staff costs. Further staffing savings are proposed for 2017-18, 2018-19, 2019-20 and 2020-21.

Health and Communities staffing - £231,000

This saving will be found from former Health and Communities Department staffing budgets in Trading Standards (£80,000), Community Safety (£65,000), Emergency Planning (£22,000) and back office (£64,000) as well

as identifying ways of generating income and reducing costs. See 2017-18, 2018-19 and 2019-20 for further savings proposed from Health and Communities.

Libraries - £248,000

The balance of the required savings will be delivered through the full implementation of the library strategy. See 2017-18, 2018-19 and 2019-20 for further savings proposed from libraries.

Mobile Library Service - £150,000

The use of mobile libraries will be reviewed as part of the library strategy.

FIVE YEAR FINANCIAL PLAN for 2017-18 to 2021-22

| | 2017-18 £m | 2018-19 £m | 2019-20 £m | 2020-21 £m | 2021-22 £m |
|--|----------------|----------------|----------------|----------------|----------------|
| FUNDING | | | | | |
| Business Rates and Government Grants | | | | | |
| Business Rates | 18.041 | 18.402 | 18.770 | 19.145 | 19.528 |
| Top-Up | 88.604 | 91.454 | 94.707 | 97.548 | 100.475 |
| Revenue Support Grant | 44.056 | 28.633 | 13.517 | 0.000 | 0.000 |
| Better Care Fund | 1.945 | 14.600 | 25.900 | 25.900 | 25.900 |
| additional improved Better Care Fund | 16.273 | 10.340 | 5.126 | 0.000 | 0.000 |
| New Homes Bonus | 2.497 | 1.907 | 1.830 | 1.800 | 1.800 |
| General Grant | 8.860 | 3.000 | 3.000 | 3.000 | 3.000 |
| PFI Grant | 10.504 | 10.504 | 10.504 | 10.504 | 10.504 |
| Sub Total | 190.780 | 178.840 | 173.354 | 157.897 | 161.207 |
| Council Tax | 295.251 | 310.031 | 327.126 | 332.003 | 336.953 |
| Use of Balances | 16.882 | 3.000 | 3.000 | 2.000 | 3.000 |
| TOTAL FUNDING | 502.913 | 491.871 | 503.480 | 491.900 | 501.160 |
| EXPENDITURE: | | | | | |
| Base Budget | 481.647 | 486.030 | 488.871 | 500.480 | 489.900 |
| Price Inflation | 2.157 | 2.000 | 2.000 | 2.000 | 2.000 |
| Living Wage | -0.835 | 5.000 | 5.000 | 1.000 | 1.000 |
| Pay Award (including Living Wage) | 3.063 | 2.500 | 2.500 | 2.500 | 2.500 |
| Contingency for Price Increases | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Debt Charges | -1.250 | 0.000 | 0.000 | 0.000 | 0.000 |
| Apprenticeship Levy | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Interest Receipts | 0.000 | -1.000 | -1.000 | 0.000 | 0.000 |
| On-going Service Pressures (see below) | 35.082 | 21.269 | 14.500 | -3.425 | 7.000 |
| Risk Management Budget | 0.241 | -4.500 | 0.000 | 0.000 | 0.000 |
| | 520.105 | 511.299 | 511.871 | 502.555 | 502.400 |
| One-off expenditure: | | | | | |
| Risk Management | 2.398 | 2.000 | 0.000 | 0.000 | 0.000 |
| One-off revenue support | 7.989 | 1.000 | 3.000 | 2.000 | 2.000 |
| Cuts shortfall | 5.496 | 0.000 | 0.000 | 0.000 | 0.000 |
| Elections | 1.000 | 0.000 | 0.000 | 0.000 | 1.000 |
| | 16.883 | 3.000 | 3.000 | 2.000 | 3.000 |
| Budget cuts required | -34.075 | -22.428 | -11.391 | -12.655 | -4.241 |
| TOTAL EXPENDITURE | 502.913 | 491.871 | 503.480 | 491.900 | 501.160 |
| Ongoing base budget | 486.030 | 488.871 | 500.480 | 489.900 | 498.160 |
| TOTAL SAVINGS APRIL 2017- MARCH 2022 | | | | | -84.789 |
| Annual Savings as a percentage of Base Budget | 7.07% | 4.61% | 2.33% | 2.53% | 0.87% |

Appendix Two

| Assumptions | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Price Inflation | 0.00% | 1.80% | 2.00% | 2.00% | 2.00% |
| Pay Award | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Business Rate Growth | 4.32% | 2.00% | 2.00% | 2.00% | 2.00% |
| Top Up RPI | 2.48% | 3.22% | 3.56% | 3.00% | 3.00% |
| Revenue Support Grant Reductions | -34.95% | -35.01% | -52.79% | -100.00% | 0.00% |
| Council Tax Increase | 3.99% | 3.99% | 3.99% | 0.00% | 0.00% |
| Taxbase Increase | 1.42% | 1.50% | 1.50% | 1.50% | 1.50% |
| Taxbase | 240,855 | 244,468 | 248,135 | 251,857 | 255,635 |
| Collection Fund Position (£m) | 3.416 | 2.000 | 2.000 | 2.000 | 2.000 |
| Council Tax (£/Band D) | 1,211.66 | 1,260.01 | 1,310.28 | 1,310.28 | 1,310.28 |
| | | | | | |
| Ongoing Service Pressures | | | | | |
| Adult Care Demographics | 27.273 | 12.750 | 12.500 | -5.125 | 6.000 |
| Highways Maintenance | 1.500 | 1.500 | 0.000 | 0.000 | 0.000 |
| Arts Grants | 0.125 | 0.000 | 0.000 | 0.000 | 0.000 |
| Public Transport | 0.000 | 2.600 | 0.500 | -0.300 | 0.000 |
| Pension Fund | 0.000 | 0.000 | 0.000 | 1.000 | 0.000 |
| Building Schools for the Future | 0.000 | 0.200 | 0.000 | 0.000 | 0.000 |
| Safeguarding | 0.974 | 1.000 | 1.000 | 1.000 | 1.000 |
| Unacompanied Asylum Seeking Children | 1.494 | 1.000 | 0.500 | 0.000 | 0.000 |
| Legal Services | 0.400 | 0.000 | 0.000 | 0.000 | 0.000 |
| Waste | 3.000 | 2.476 | 0.000 | 0.000 | 0.000 |
| Flood Risk Management | 0.059 | 0.000 | 0.000 | 0.000 | 0.000 |
| Innovation | 0.257 | -0.257 | 0.000 | 0.000 | 0.000 |
| | 35.082 | 21.269 | 14.500 | -3.425 | 7.000 |
| One-Off Pressures | | | | | |
| Highways Maintenance | 1.000 | 1.000 | 1.000 | 0.000 | 0.000 |
| High Needs Strategic Planning | 0.305 | 0.000 | 0.000 | 0.000 | 0.000 |
| SEND Implementation | 0.514 | 0.000 | 0.000 | 0.000 | 0.000 |
| Early Help | 1.200 | 0.000 | 0.000 | 0.000 | 0.000 |
| SEN Home to School Transport | 1.290 | 0.000 | 0.000 | 0.000 | 0.000 |
| Secondary School Budget | 0.150 | 0.000 | 0.000 | 0.000 | 0.000 |
| Loss of Inclusion | 0.475 | 0.000 | 0.000 | 0.000 | 0.000 |
| Fracking | 0.119 | 0.000 | 0.000 | 0.000 | 0.000 |
| Gold Card | 0.160 | 0.000 | 0.000 | 0.000 | 0.000 |
| Waste | 2.476 | 0.000 | 0.000 | 0.000 | 0.000 |
| General Budget Support | 0.000 | 2.000 | 2.000 | 2.000 | 2.000 |
| Transformation Services | 0.300 | 0.000 | 0.000 | 0.000 | 0.000 |
| | 7.989 | 3.000 | 3.000 | 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. The Council has assumed that business rates will continue to grow in line with inflation.

Top-Up

This is a grant received from Government under the Business Rates Retention Scheme. It assumed that the amount will increase with inflation year-on-year.

Revenue Support Grant

The Government is reducing the amount of grant by 80% over the four-year period to 2019-20. The Government is currently consulting on a revised Business Rates Retention Scheme, which will result in the cessation of Revenue Support, therefore a nil allocation has been assumed from 2020-21 onwards.

Improved Better Care Fund

The Spending Review 2015 announced the introduction of the improved Better Care Fund worth £105m in 2017-18, £800m in 2018-19 and £1.5bn in 2019-20 nationally. The Spring Budget 2017 announced an additional £2bn over the period 2017-18 to 2019-20.

New Homes Bonus

The allocations are based on the Government's indicative allocations under the revised scheme announced alongside the Provisional Finance Settlement 2017-18.

General Grant

In 2017-18, the amount of General Grant is based on the following:

- Education Services Grant - £2.308m
- Transition Grant - £1.124m
- Local Reform and Community Voices Grant - £0.400m
- Prison Services - £0.080m
- New Bonus returned top-slice £0.252m
- Lead Local Flood Authority - £0.051m
- Adult Social Care Support Grant £3.644m
- Business Rates Retention - £1.000m

From 2018-19 onwards, there is a general assumption that grants totaling £3.000m per annum will be received.

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 for the period 2017-18 to 2019-20, which includes the 2% adult social care precept. The Government has not indicated whether the adult social care precept will be available beyond 2019-20. From 2020-21 onwards a Council Tax freeze has been assumed.

A taxbase increase of 1.5% per annum has been assumed each year from 2018-19 onwards. This is consistent with the increases in taxbase seen in recent years.

A collection fund surplus of £2.000m is assumed each year from 2018-19 onwards.

Use of Balances

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

| | 2017-18 |
|-------------------------------|--------------|
| One-Off Pressures | £m |
| Highways Maintenance | 1.000 |
| High Needs Strategic Planning | 0.305 |
| SEND Implementation | 0.514 |
| Early Help | 1.200 |
| SEN Home to School Transport | 1.290 |
| Secondary School Budget | 0.150 |
| Loss of inclusion | 0.475 |
| Fracking | 0.119 |
| Gold Card | 0.160 |
| Waste | 2.476 |
| Transformation Services | 0.300 |
| | 7.989 |

From 2018-19 and 2019-20 onwards, there is a planned use of General Reserve of £3m each year for general support, with £2.00m assumed in 2020-21 and 2021-22. There will also be an additional call on the General Reserve of £1.000m in 2017-18 and 2021-22 to cover the costs of the county council elections.

Expenditure

Price Inflation

With inflation expected to remain low over the medium term utility and commodity costs are not expected to rise significantly.

Living Wage

The new national Living Wage for workers over the age of 25 will start at £7.20 from April 2016 and rise to £9 an hour by 2020. The £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.

Debt Charges

This represents the interest payable on the Council's outstanding debt. The Council has reviewed its Minimum Revenue Provision which will release £1.250m of budget reductions in 2017-18.

Apprenticeship Levy (excluding schools)

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 payroll. The cost to the Council is £1.000m.

Interest Receipts

The Bank of England announced a base rate cut of 0.25% in August 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 2018-19 onwards which will generate additional income of £1.000m per annum up to 2019-20.

On-going Service Pressures

Demographic growth in respect of Adult Care is assumed from 2017-18 onwards. It is assumed that the additional Better Care Fund allocations will support the expenditure.

Over the medium term there are further pressures for safeguarding, highways maintenance, public transport and waste.

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.