

Agenda Item No 8(c)

DERBYSHIRE COUNTY COUNCIL

COUNCIL

6 February 2019

Report of the Director of Finance & ICT

REVENUE BUDGET REPORT 2019-20

1 Purpose of the Report

To propose a Revenue Budget and Council Tax for 2019-20. This report should be read alongside the following reports to this Council meeting: the Budget Consultation Results Report for 2019-20, the Budget Monitoring 2018-19 (as at 31 October 2018) Report and the Capital Programme Approvals, Treasury Management and Capital Strategies for 2019-20.

2 Information and Analysis

The budget has been constructed in the context of currently known information. Details of the Final Local Government Finance Settlement were published on 29 January 2019. Information relating to the funding and income streams to the Council are set out in Appendix One. The report commences with details of the Autumn Budget and the Final Local Government Finance Settlement, including Council Tax levels, before identifying the service pressures facing the Council and consequent budget reductions required. The report concludes with comments on the Council's financial standing and the robustness of the estimates made in preparing the budget.

(a) Budget 2018-19

The latest budget monitoring position for 2018-19 is in a separate report for consideration at this meeting. The Council is forecasting an overall underspend for 2018-19, however, this is being achieved, in part, through the use of one-off funding measures and underspends on corporately held budgets.

(b) Autumn Budget 2018

On 29 October 2018, the Government announced details of the Autumn Budget 2018. The key announcements relevant to local government were:

- £240m additional funding for social care to prevent bed-blocking in 2018-19 and 2019-20, alongside an additional £410m for adult and children's social care in 2019-20.

- £420m to be allocated in 2018-19 to local authorities to repair roads, tackles potholes and keep bridges open and safe.
- The Government's planned Green paper on the future financing of Social Care has been delayed.
- £84m over five years for up to 20 local authorities to help children stay at home with their families.
- £400m one-off payment to schools, £10,000 for each primary and £50,000 for each secondary, to spend on equipment and facilities.
- £45m additional Disabled Facilities Grant.
- Authorities piloting the 100% rates retention scheme are expected to gain £0.8bn in 2018-19.
- 75% Business Rates retention is still intended to be implemented in April 2020. However, there is still uncertainty regarding the timeline for implementation of 100% rates retention.
- 100% business rates relief on public lavatories.
- £1,500 business rates discount on office space occupied by local newspapers to continue in 2019-20.
- Retail properties with a rateable value below £51,000 will have their rates bill reduced by one-third, for two years from April 2019.
- Local authorities to be fully compensated for any loss from business rates measures announced in the budget.
- The National Living Wage will rise by 4.9% from £7.83 per hour to £8.21 from April 2019. The National Minimum Wage rates will be increased to £7.70 for 21-24-year olds, £6.15 for 18 to 20-year olds, £4.35 for 16-17-year olds and £3.90 for apprentices, an increase of 4.3%, 4.2%, 3.6% and 5.4% respectively.
- Employers paying the Apprenticeship Levy to be allowed to transfer up to 25% of their funds to pay for apprenticeship training in their supply chain.
- £650m to support high street rejuvenation and improve transport links.
- The National Productivity Investment Fund (NPIF) was to provide £23bn between 2017-18 and 2021-22 for capital investment in housing, transport and digital infrastructure. This is being extended to 2023-24 and expanded to £37bn.

(c) Local Government Finance Settlement

Details of the Provisional Local Government Finance Settlement 2019-20 were published on 13 December 2018. It marked the start of a four-week consultation period. The Director of Finance & ICT submitted the Council's response to the Provisional Settlement ahead of the deadline for responses, which was 10 January 2019, following consultation with the Leader of the Council and Corporate Management Team. A copy is attached at Appendix Two. Details of the Final Local Government Finance Settlement were published on 29 January 2019.

The headlines from the Settlement are:

- No change to allocations in the four-year funding deal, except for the removal of negative Revenue Support Grant from the settlement through forgone business rate receipts, for those authorities affected.
- General expenditure precept threshold of 3%.
- Confirmation of the continuation of the Adult Social Care Precept of 2%.
- Following on from last year's announcement of the Government's aims to localise 75% of business rates from 2020-21 and to implement new needs assessment methodology, consultations launched on the future system design of Business Rates Retention and on Fair Funding Proposals.
- New 75% business rates retention pilots launched and continuation of 100% business rates retention pilots in devolution deal areas.
- Distribution of £180m surplus on the business rates retention levy account, which has occurred as a result of business rates growth; levy originally top-sliced from Revenue Support Grant.
- The methodology for the distribution of the New Homes Bonus to continue in its current format.
- Increase of £16m in Rural Service Delivery Grant to 2018-19 levels.
- Local authorities across England to receive a share of £56.5m to help support their preparations for European Union exit (Brexit) in 2018-19 and 2019-20.

Multi-Year Funding Offer

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

Those local authorities which expressed an interest in accepting the offer were required to provide an Efficiency Plan. The Council submitted its Efficiency Plan to Government in 2016, details of which were reported to Cabinet on 11 October 2016. Subsequently, the Government confirmed that the Council was formally part of the multi-year settlement deal.

Business Rates Retention Pilot

In September 2017, the Government invited local authorities to submit proposals to become 100% business rates retention pilots in 2018-19. The pilots were deemed as an opportunity for the Government to test more technical aspects of the 100% business rates retention system, evaluating how collaboration between local authorities works in practice. The Government is interested in exploring how rates retention can operate across more than one authority to promote financial sustainability and to support coherent decision-making across functional economic areas.

The Council, together with the eight district/borough councils in the county, Derby City Council and Derbyshire Fire and Rescue Authority, submitted a bid to become a pilot in 2018-19. The 2018-19 Provisional Local Government Finance Settlement announced the Derbyshire pilot as one of ten successful bids. The pilot is generating additional one-off income in 2018-19 for the county of Derbyshire, over and above the business rates income the Council receives through the local government finance settlement. The County Council's share of the gain is currently forecast to be approximately £17.800m, however this will not be confirmed until the end of the financial year and is dependent upon the level of business rates income collected locally, which can be volatile. Business rates assessed can also be subject to appeals, which could mean that some rates income receivable becomes repayable in the future.

Of the forecast income of £17.800m, 70% will support Council services including children's social care, waste and recycling, promoting tourism and supporting community safety, and 'safe and well' checks. The forecast income will initially be allocated as follows:

- £6m, which was anticipated in the Five Year Financial Plan contained within the Revenue Budget Report 2018-19 and is the Minimum Funding Level that can be expected, will be held in the Budget Management Earmarked Reserve for the purposes identified above;
- £0.630m will be transferred to a Business Rates Appeals Earmarked Reserve, to hold in the event of any later successful business rates appeals; and
- the balance of £6.855m will be allocated to the Business Rates Pool Earmarked Reserve.

In accordance with the Pooling Agreement, the remaining 30% is being used to support economic regeneration across the county and in Derby City. A Business Rates Strategic Investment Fund Earmarked Reserve has been created and a forecast £4.299m allocated to it. The Derby and Derbyshire Authorities Joint Committee for Economic Prosperity is the decision making board for allocation of funding to individual projects.

It should be noted that the 100% business rates retention pilot was for 2018-19 only. The Council, as part of a Derbyshire pool, bid to participate in a 75% business rates retention pilot for 2019-20, before a national 75% regime comes into force in 2020-21. The aim of the pilots is to learn lessons to ensure that the transition to the new scheme in 2020-21 is as smooth as possible. Successful pilots were announced alongside the Provisional Settlement. The Derbyshire pool was unsuccessful in its pilot bid. The Derbyshire business rates pool will continue in its previous form and funding allocations have reverted back to those announced in the multi-year settlement for 2019-20.

Settlement Funding Assessment

Settlement Funding Assessment (SFA) is made up of Revenue Support Grant, Business Rates Top-Up (both of which are received directly from Government) and localised Business Rates, which are received directly from the district/ borough councils. As the Council was part of the 100% Business Rates Retention pilot in 2018-19, its Revenue Support Grant was foregone. Details of the allocations are summarised below:

	2018-19 allocations before 100% Business Rates Pilot £m	2018-19 allocations after Business Rates Pilot £m	2019-20 allocations £m
Revenue Support Grant	28.633	0.000	13.517
Business Rates Top-Up	91.454	43.036	93.370
Business Rates - Local	17.122	94.173	19.195
	137.209	137.209	126.082

- Business Rates Top-Up**

Business Rates Top-Up increases in line with the Small Business Rates multiplier (based on the Retail Price Index as at September of the preceding financial year).

- Business Rates – Locally Retained**

The figure for Local Business Rates shown in the table above includes the Council's estimate of its Derbyshire business rates 2019-20 pool gain of £1.500m, based on previous years' pool gains and the Government's estimate of growth; the final figure for growth will be provided by the billing authorities, which have until 31 January 2019 to provide the County Council with the final estimates to be used in setting the budget. The amount represents 49% of business rates collected locally. A verbal update of the business rates income will be provided at the meeting. Any changes to the figure shown in Appendix One will be managed through the Risk Management Budget or Reserves.

New Homes Bonus (NHB)

The NHB grant was introduced in April 2011. The scheme is aimed at encouraging local authorities to grant planning permission for the building of new houses and then share in the additional revenue generated.

The Government has confirmed that the Council will receive an additional allocation of NHB in 2019-20 of £0.040m, making an in-year total allocation receivable in 2019-20 of £2.098m.

General Grant

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

	2018-19 £m	2019-20 £m
Improved Better Care Fund	24.906	31.055
Business Rates Capping*/**	12.807	1.000
Business Rates Retention Levy Account Surplus	0.000	1.704
Winter Pressures Grant*/**	3.627	3.627
Social Care Support Grant*	0.000	6.197
Adult Social Care Support Grant*	2.267	0.000
Independent Living Fund*	2.614	2.534
Extended Rights to Free Travel*/**	0.866	0.866
Local Reform and Community Voices Grant*/**	0.511	0.511
War Pensions Scheme Disregard*/**	0.172	0.172
Prison Services*/**	0.105	0.105
Lead Local Flood Authority*	0.055	0.059
Moderation Phonics Grant*/**	0.040	0.040
Total	47.970	47.870

* 2018-19 figures updated from Revenue Budget Report following announcement/release of allocations.

**2019-20 figure is an estimate as details of allocations have not been released.

- **Improved Better Care Fund (iBCF)** – the Comprehensive Spending Review 2015 announced that £1.5bn would be added to the ring-fenced Better Care Fund progressively from 2017-18. This was later increased by £2bn, at Spring Budget 2017, allocated over a three year period to 2019-20, reaching £1.837bn in 2019-20 nationally.
- **Business Rates Capping** – compensates authorities for their individual reductions in non-domestic rating income following recent decisions by Government to change the rate relief for some organisations. The Government has confirmed that compensation will be provided in 2019-20 by means of a Section 31 grant. This is an initial estimate. The billing authorities will provide final estimates to be used in setting the budget by 31 January 2019. A verbal update of the business rates income will be provided at the meeting.
- **Business Rates Retention Levy Account Surplus** – distribution of surplus on the 2018-19 business rates retention levy account as a result of business rates growth, originally top-sliced from Revenue Support Grant.

- **Winter Pressures Grant** – the Autumn Budget 2018 announced that £240m of additional funding would be made available for councils to spend on adult social care services, in both 2018-19 and 2019-20, to help alleviate NHS winter pressures. In 2019-20 the funding is required to be pooled into the Better Care Fund via the iBCF and reported on through the Better Care Fund.
- **Social Care Support Grant** - the Autumn Budget 2018 also announced that £410m of additional funding would be made available for councils to spend on adult and children's social care services in 2019-20. Although the grant is not ring-fenced there is an expectation that councils will use the funding to meet pressures on those services. The allocation of the grant between adult and children's social care is not prescribed.
- **Adult Social Care Support Grant** – the Final Local Government Finance Settlement 2018-19 announced that a further £150m would be paid as a one-off grant to local authorities who have adult social care responsibilities, to build on their progress so far in supporting sustainable local care markets.
- **Independent Living Fund (ILF)** – responsibility for administering the ILF was devolved to local authorities in England in 2015. The Government committed to providing non ring-fenced funding to local authorities until 2019-20.
- **Extended Rights to Free Travel** – funding to support extended rights to free school travel.
- **Local Reform and Community Voices Grant** – this grant is comprised of funding for Deprivation of Liberty Safeguards, local Healthwatch and Independent Complaints Advisory Services.
- **War Pensions Scheme Disregard** - compensates authorities for disregarding, for the purposes of social care charging, most payments made under the War Pension Scheme.
- **Prison Services** – funding for social care in prisons.
- **Lead Local Flood Authority** – to carry out duties under the Flood and Water Management Act 2010 and for the role as statutory consultee on surface water for major development.
- **Moderation Phonics Grant** – funding for moderation and phonics.

Private Finance Initiative Grant (PFI)

The PFI grant is received to support expenditure which is incurred in meeting payments to contractors for the capital element of school building projects previously undertaken through PFI and similar funding arrangements. These funding arrangements require payments to be made over a 25 year period. The capital payments due on these schemes will end in three phases between 2029 and 2035. The Council's allocation for 2019-20 is £10.504m.

Ring Fenced Grants

- **Dedicated Schools Grant (DSG)**

Grant is paid to local authorities to provide school, high needs, early years and central schools block budgets. Local authorities are responsible for determining the allocation of grant in conjunction with their local Schools Forum. Local authorities are responsible for allocating funding to schools and academies, high needs and early years providers in accordance with their local funding formulae. Details of DSG funding will be considered by Cabinet on 31 January 2019.

- **Public Health**

Public Health expenditure is funded from a ring-fenced grant. The budget is largely spent on drug and alcohol treatment services, sexual health services, health protection and promoting activities to tackle smoking and obesity and to improve children's health. The Council's allocation for 2019-20 is £39.477m. This represents a reduction of 2.64% compared to the 2018-19 allocation. The Government has confirmed that the ring-fence and grant conditions will remain in place until 31 March 2020, at which point it is expected that the grant will be replaced by retained business rates.

- **Better Care Fund**

The Better Care Fund (BCF) was announced in June 2013 as part of the 2013 Spending Round. It provides an opportunity to transform local services so that people are provided with better integrated health and social care. The BCF will support the aim of providing people with the right care at the right place at the right time. This will build on the work which the Clinical Commissioning Groups (CCGs) and the Council are already doing, for example as part of integrated care initiatives, joint working and on understanding of patient/service user experiences.

The allocation for Derbyshire as a whole in 2019-20 has yet to be announced but it is expected to be at least at the 2018-19 level of £95.558m, which was split as follows:

	Public 2018-19 £m
Tameside	2.295
Erewash	6.587
Hardwick	7.528
North Derbyshire	19.919
Southern Derbyshire	18.112
CCG minimum contribution	54.441
CCG additional contribution	
Wheelchairs	0.503
ICES equipment	1.833
CMHT	2.372
Community Nursing	3.552
	8.260
DCC additional contribution	
ICES equipment	1.500
DFG	6.451
Improved Better Care Fund	24.906
	95.558

The funding can be used to improve health outcomes for clients and their carers. Derbyshire will look to invest in services jointly commissioned with health services, which include reablement, seven day services, better information sharing, joint assessments and reducing the impact on the acute sector. The resources for reducing the impact on the acute sector are performance related and will not be paid to the acute service if the targets are not achieved.

The BCF has national metrics underpinning its performance, which will be used to measure success, include reducing admissions to residential care homes, effectiveness of reablement out of hospitals, delayed transfer of care, avoidable emergency admissions and patient/service user experience.

This funding system presents opportunities and risks to the Council, these are the subject of detailed negotiation with the CCGs. The additional funding will help to bridge the funding gap which will be left by the annual reduction in Revenue Support Grant.

(d) Council Tax

District and borough councils are required to provide details of their Council Tax taxbases, together with any surplus or deficit figures on their collection funds, to the Council.

Taxbase

The Council Tax is calculated by dividing the Council's Council Tax requirement by the total taxbase figures. Each of the borough/district councils uses a Collection Fund to manage the collection of Council Tax and to make an adjustment to reflect the actual collection rate of Council Tax in the previous year. Following the introduction of the Business Rates Retention Scheme in April 2013, the district/borough councils are now required to take account of both Council Tax and business rates collected in determining their surplus/deficits, whereas previously it had just been Council Tax collections.

The billing authorities have until 31 January, the statutory deadline, to confirm their taxbase positions. The total taxbase figure for 2019-20 is 247,261.14, based on the number of equivalent Band D properties, a 1.17% increase on the previous year. Individual authority information is shown at Appendix Three.

The additional Council Tax due as a result of the increase in taxbase is £3.643m. This is calculated by multiplying the increase in the number of properties by the Council's Equivalent Band D Council Tax rate in 2018-19. Previous years have seen increases in the taxbase of 1.47%, 1.40% and 1.47%. The Provisional Five Year Financial Plan assumes an increase of 1.50% on the basis of housing growth seen in recent years.

Collection Fund

The collection fund surplus for 2019-20 is estimated at £2.333m. As with the taxbase, billing authorities have until 31 January to confirm in writing their collection fund positions.

The collection fund surpluses for the individual authorities are shown at Appendix Three.

Referendum Principles

Since 2012-13, local authorities have been required to determine whether the amount of Council Tax they plan to raise is excessive. A set of principles defined by the Government is used to determine if the amount to be raised is excessive. An authority proposing an excessive increase in Council Tax must hold a local referendum with the electorate.

For 2019-20, the Government proposes a 3% threshold for county councils for general spending, in addition local authorities with adult social care responsibilities will be able to increase adult social care spending by up to a further 2%, making 5% in total.

Council Tax Increase

The Council's Five Year Financial Plan published in September 2018 assumed a 4.99% increase in Council Tax for 2019-20, with a freeze in Council Tax assumed for two years from 2020-21 and a 2% increase in Council Tax assumed for 2022-23. The budget consultation report illustrates that 31% of respondents are in support of a Council Tax increase of 3.99%, 34% are in support of a Council Tax increase of 4.99% and 35% support neither a 3.99% nor a 4.99% increase for 2019-20. Local authorities have urged Government to provide additional funding to support vital services, particularly children's social care. However, in 2018-19 the Government decided instead to allow a further 1% increase in Council Tax, raising additional income for the Council of approximately £3.000m over and above the plans published previously. This option of a further 1% increase in Council Tax for 2019-20 has again been made available by the Government.

In considering the option of an additional 1% increase in Council Tax, over and above a 3.99% increase, it is important to add some context to the financial pressures faced by the Council.

The service pressures faced by the Council, considered later in this report in section (g), demonstrate that there continues to be significant cost pressures in providing essential services such as social care, highways maintenance, public transport and waste. In particular, the Council, along with other local authorities in the country has expressed concern over the cost pressures associated with the provision of children's social care. Many local authorities and the Local Government Association have urged Government to provide additional funding for the service.

Recent analysis illustrates rising demand for children's services nationally, including:

- an increase of 116% in the number of early help assessments completed between 2013 and 2018, with a 78% increase in initial contacts in the last ten years and a 159% increase in the number of Section 47 enquiries in the same ten year period;
- an increase in the average spend for each Looked After Child from £33,078 in 2012 to £39,099 in 2016, this increase continues; and
- an increase in total spending on residential care for Looked After Children, from £0.99 billion in 2012 to £1.10 billion in 2016, with further pressures predicted.

These pressures have resulted in a number of authorities being left with little choice but to divert funding towards crisis intervention activities, rather than preventative services. The national picture is being reflected in Derbyshire, with substantial strain placed on the children's social care budget. The Children's Services budget overspent by £5.5 million in 2016-17, by £6.4m in 2017-18 and is currently forecast to overspend by £4.3 million in 2018-19, despite local investment in children's social care services. Increased demand for services in Derbyshire is highlighted below:

- Children subject to a child protection plan – in 2010-11, there were 554 children that were subject to a child protection plan in Derbyshire (a rate of 35 children per 10,000 population). By the end of 2015-16 this had risen to 738, being 48 children per 10,000 population. This is higher than the England rate of 43 per 10,000 population and higher than the rate of the Council's statistical neighbour benchmarking group, of 41 children per 10,000 population. Since 2015-16, numbers have increased, to an all-time high at the end of 2017-18 in excess of 900 children.
- Special Guardianship Orders (SGO) – the number of children subject to an order has increased year-on-year, from 141 in 2012-13 to 370 in 2016-17. The payments to SGO carers and Child Arrangement Order holders is in itself forecast to create a budget pressure in excess of £1 million during 2019-20.
- Children in Care – whilst the numbers of children in care decreased up to 2015-16, there has been a 20% increase in numbers since that time, with an increase of 130 children over a two year period. The cost of placements for children in care is forecast to create a £4 million budget pressure in 2019-20 for the Council.
- Children with additional needs – the number of children in Derbyshire schools with complex educational needs is estimated to have risen by approximately 30% since 2004. The proportion of pupils with statements or Education Health and Care Plans (3%) has increased since 2010-11 and is higher than averages for England and our statistical neighbour group, both of which have remained stable (2.8%). The proportion of pupils with Special Educational Needs (SEN) support has reduced since 2010-11 but at a slower rate than England and our statistical neighbour group.

On balance, considering the pressures associated with the provision of children's social care but taking the results of the budget consultation into account, it is proposed that Council Tax be increased by 3.99% in 2019-20, which is 1% less than the maximum allowed. However, it is vital that additional funding for children's social care is allocated to local authorities as part of the Local Government Finance Settlements and Fair Funding Review and the Council is strongly of the view that any additional funding provided must be on-going, to help local authorities plan their budgets over the medium-term.

Adult Social Care Precept

The Government has announced a continuation of the adult social care precept for all authorities with adult social care responsibilities. This adult social care precept increase allowed for Council Tax is in addition to the referendum principle set for other expenditure.

The Government has stated that “councils will be required to publish a description of their plans, including changing levels of spend on adult social care and other services”. This must be signed off by the Chief Finance Officer. Councils wishing to use the extra freedom to raise the precept in 2019-20 must also show how they plan to use this extra money to improve social care. The Government will write to adult social care authorities with further details on the conditions of the scheme in the near future.

Billing authorities will be required to include information on the face of the Council Tax bill with a narrative statement on the front of the bill highlighting any Council Tax increases attributable to the funding of adult social care, as well as providing further information to the taxpayer. Further information is also required to be included with the Council Tax bill.

Previously the Council has indicated it would increase its Council Tax by 2% in 2019-20 to fund Adult Social Care costs.

(e) Price Increases

There will be no increase to departmental budgets for specific price rises, other than business rates, as inflation is expected to remain low over the medium term. There will not be budget allocations for utility costs as the Council procures its gas and electricity through the integrated Pan Government Energy Programme and the Government Procurement Service which has resulted in prices remaining very competitive against other providers because of the purchasing power of the organisation.

For 2019-20 only it has been agreed that no Adult Social Care budget allocation will be made to reflect the annual increase in care home fees. In 2018-19 the allocation was £1.800m.

The total impact of price increases is estimated at £0.041m. This is an allocation for increases in respect of Business Rates.

Pay Award

In September 2017, the Government announced that it would lift the longstanding limit of 1% on public sector pay increases. Local authorities are currently negotiating with unions on the offer for 2019-20. The Council's Five Year Financial Plan published in September 2018 assumed a pay award of 2%. The final offer is still to be agreed, however it appears realistic, at this stage to assume a general offer of a 2% increase. This equates to £3.907m, which is a contingency amount of £7.125m less the calculated Adult Social Care element of £3.218m, for which it has been agreed that no allocation will be made in 2019-20. The £3.907m will be held in the Council's contingency budget, until such time that a final agreement has been made. At that time the budget will be allocated to departments. If the pay award is agreed at a level above 2%, mentioned above, the additional cost will have to be found from within existing budgets.

(f) Corporate Budgets

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, details of which are set out below.

- **Pay Award - £3.907m**

A general increase of 2% has been assumed (see section (e) above), however negotiations are still ongoing.

- **General Data Protection Regulation (GDPR) - £1.000m**

New GDPR obligations were introduced in 2018-19 and imposed a number of new requirements on the Council when dealing with personal data. Failure to comply with these new requirements, or being able to demonstrate that suitable data protection controls are in place, could lead to the Council being subject to significant financial penalties. The burdens of GDPR place a short term pressure on the Council. This is the estimated one-off cost of funding GDPR work that will be required across the Council in 2019-20. Departments will submit bids for this funding.

- **Street Lighting Energy - £0.215m**

This is the estimated ongoing increase in street lighting energy costs.

External Debt Charges - £29.254m

This represents the interest payable and provision to repay the principal on the Council's outstanding debt. The Council reviewed its Minimum Revenue Provision (MRP) Policy, details of which were reported to Cabinet on 22 November 2016. The amended policy effectively results in the Council having 'overpaid' its provision for a number of years. As a result, the Council will reduce its annual charge over the medium term, through to 2020-21, to reflect this overpayment. The charge for 2019-20 will be reduced by £8.000m. The reductions are one-off in nature. These help the Council to smooth the level of reductions required each year. However, it should be noted that the base budget is expected to be at its 2017-18 level, on the basis of no additional funding being required, by 2021-22.

The Council has paid off a number of loans, which were used to support the Council's capital programme, in recent years and has not undertaken further borrowing. In 2018-19 this provided the opportunity to reduce the ongoing budget by £8.500m, to reflect the reduction in interest charges.

Risk Management Budget - £0.000m

The Council has maintained a Risk Management Budget for a number of years, the purpose of which is to provide a base budget from which the Council can help manage some of the longer term risks and pressures, alongside the resources available in the General Reserve. The balance on the budget of £0.757m will be depleted in 2019-20, providing support to priority services.

Interest Receipts - £5.948m

The Bank of England increased the base rate of interest from 0.50% to 0.75% at its meeting on 2 August 2018. The budget assumes that the Council will earn additional income of £1.000m by utilising a range of risk assessed investment vehicles in order to increase its income from external investments.

(g) Service Pressures

A number of service pressures have been identified by departments. Details of pressures identified for 2019-20 are shown at Appendix Four. A total of £23.459m will be allocated to base budgets. One-off support of £12.327m will be funded from one-off General Grant and the Budget Management Earmarked Reserve. A further £1.000m contingency one-off will also be funded from the Budget Management Earmarked Reserve.

(h) Budget Savings Targets

The target savings by the end of 2023-24 are estimated to be £63m.

Significant consultation and planning timeframes are required to achieve many of these savings. Delays in agreeing proposals could result in overspends by departments, which would then deplete the level of General Reserve held by the Council, decreasing its ability to meet short term, unforeseeable expenditure.

In many cases the proposals will be subject to consultation and equality analysis processes. In including potential cost savings in this report no assumptions have been made as to the outcome of those consultations or the outcome of final decisions which have yet to be made. With regard to the savings proposals which have not yet been considered by Cabinet and, where appropriate, by individual Cabinet Members, the necessary consultation exercises will be undertaken and any equality implications will be assessed before final decisions are made. Throughout the process it will be essential to ensure that the Council continues to meet its statutory and contractual obligations.

Details of identified savings totalling £10.542m are shown at Appendix Five. Of these savings, £10.011m are new savings against base budget. The shortfall in savings targets for Children's Services and Economy, Transport and Environment will be met from the Budget Management Earmarked Reserve. This is in agreement with the principles of meeting savings shortfalls with one-off support as agreed in the Revenue Budget Reports 2017-18 and 2018-19. The Economy, Transport and Environment department has allocated the 2019-20 savings shortfall to the highways revenue budget but the 2019-20 highways budget will remain the same because of this one-off funding from reserves.

The table below summarises the savings target, identified savings and the level of achievement for each department.

	Target £m	New Savings Identified £m	Shortfall/ (Over- achievement) £m
Adult Care	5.732	5.732	0.000
Children's Services	3.013	1.631*	1.382
Economy, Transport and Environment	2.666	0.666*	2.000
Commissioning, Communities and Policy	1.982	1.982	0.000
Total	13.393	10.011	3.382

*Appendix Five shows:

- Children's Services savings of £2.091m for 2019-20. Of these savings, £1.631m are new savings against base budget and £0.460m are savings committed to in previous years.
- Economy, Transport and Environment savings of £0.737m for 2019-20. Of these savings, £0.666m are new savings against base budget and £0.071m are savings committed to in previous years.

Children's Services and Economy, Transport and Environment will still be required to achieve their savings targets for 2019-20 but the use of earmarked reserves provides some flexibility to plan and achieve the target. Base budgets will need to be in balance by 1 April 2020.

(i) Statutory Requirements of the Local Government Act 2003

There is a duty placed on the Director of Finance & ICT, as the Council's statutory Chief Financial Officer, to report to the Council when it is making its statutory calculations required to determine its precept. The Council is required to take the report into account when making the calculations. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves for which the budget provides (guidance on local authority accounting suggests this should include both the General Reserve and Earmarked Reserves). Good practice requires the professional advice of the Chief Finance Officer for these two questions, and that they are connected with matters of risk and uncertainty. This report has been drafted with all of these requirements in mind.

On the matter of robustness of estimates, there has been no change to the fundamental methods used in the preparation of the budget which ensure that many professional officers are involved in a process which takes into account and evaluates all known facts. There continues to be great emphasis on assessing and evaluating all known changes, including pay and price levels, statutory changes and demands for service. None of these matters are omitted from advice to Members. The process is underpinned by the Council's integrated Risk Management Strategy, service improvement and Improvement and Scrutiny deliberations. In particular, emphasis is placed on the ability to maintain and develop services through a five year forward financial planning process.

The Council's Audit Committee receives reports at each meeting detailing the strategic risks facing the Council along with mitigation in place to ensure they are manageable. This is a significant overview of the Council's potential liabilities and is supported by a rigorous set of processes across the organisation. It receives regular reports regarding the procedures and practices in place to ensure that the Council's budget is closely monitored. Members are provided with more detail of the current budget position, in particular departments' progress against their individual targets, together with details regarding the level of Earmarked Reserves.

An important link to the adequacy of reserves is the cash limit policy adopted some years ago. The approved Budget is expressed as cash limits. These should not be exceeded and where services have what are called "demand-led" issues, these are to be resolved in-year within cash limits. Budgets will continue to be subject to regular monitoring and reporting to both budget holders and Members.

The Council has in place a Reserves Policy which sets out the framework within which decisions will be made regarding the level of reserves. In line with this framework the balance and level of reserves are regularly monitored to ensure they reflect a level adequate to manage the risks of the Council. This covers both the General Reserve and Earmarked Reserves. Details of the latest review were reported to Cabinet on 20 September 2018.

The level of General Reserve available over the next few years is largely dependent on the achievement of the annual budget savings target. There are pressures on demand-led services such as the ageing population, children's social care, the National Living Wage and waste disposal which will also have an impact on the balance if departments overspend. The level of the General Reserve will be between £15m and £47m 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. Over the medium term the Council's figure is between three and six per cent.

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

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

There is still a risk of delay in implementation or indeed an inability to progress a particular saving for a variety of reasons. Delay can be relatively straightforward to quantify and in global terms can be expressed by noting that an average one month's delay across all the savings identified for the coming year would require the use of around an additional £1m of General Reserve; as a one-off cost this is manageable within the context of the resources available. The non-achievement of an indicated saving is less manageable and as a consequence Strategic Directors have been made aware of the need to bring forward alternative savings, to at least an equal value, should this scenario occur. The Council has also established a Budget Management Earmarked Reserve which will be used to supplement the use of the General Reserve to manage, where appropriate, any delayed savings to services, as detailed earlier in this report.

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

2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
39.879	30.379	19.879	15.379	15.879

It should be noted that the reductions required to balance the budget on an on-going basis have yet to be finally identified. Further saving proposals will be brought to future Cabinet meetings to bridge the gap and one-off resources used to smooth out the achievement of those savings.

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

The external auditor makes a judgement on the financial stability of the Council each year when the accounts are audited. The judgement continues to be positive subject to the continuing achievement of budget savings and the maintenance of a robust, risk assessed level of reserves.

Undoubtedly the Council has managed the achievement of a balanced budget in a robust and planned manner over the period of the current downturn in general government support for local authority spending. In headline terms the Council has identified measures which should help achieve around 45% of the budget gap over the medium term, there is a clear challenge to identify the remainder and plan the best approach to achieving those savings over the next few years. The timescales are important, the majority of any savings need to be achieved in the period up to 31 March 2022, this reflects two variables: the final reductions from Government in Revenue Support Grant; the desire by the current administration to have a 0% Council Tax rise in both 2020-21 and 2021-22 as well as deciding not to take the full increase possible in 2019-20.

Further, there is uncertainty over future funding due to changes the Government is committed to making in funding of councils via retained Business Rates and remaining Government grant funding regimes. At present we have no indication how these technical changes, alongside the results of the next Comprehensive Spending Review, will affect the Council's funding position.

To continue to provide a financially sustainable base, on which to provide services over the medium term and not leave the Council unable to deal with financial risk, it is imperative that the necessary savings are identified and planned for achievement over the next six months. Therefore a further report will be prepared for Cabinet, no later than July 2019, which sets out the budget reductions and other measures that will need to be made by the Council.

(j) Five Year Financial Plan (FYFP)

The Council's Five Year Financial Plan (FYFP) is reviewed and updated annually. It was updated and reported to Cabinet on 20 September 2018. The Plan has been updated and this serves to inform the annual budget setting process. A copy of the Plan is shown at Appendix Six.

The Government had previously announced its intention to move to a 100% Business Rates Retention Scheme in 2019-20. The Government has confirmed that it has revised its aims and is pursuing a 75% business rates retention scheme by 2020-21 and eventually to 100%. Alongside this announcement, the Government has published further consultations as part of its Fair Funding Review. The implementation date for the Review is 2020-21 and the work will be divided into three closely related strands which are relative needs, relative resources and transitional arrangements. Details of the current consultation will be provided in a separate report to Cabinet for consideration on 31 January 2019. The FYFP is predicated on the basis that the funding to the Council is in its existing format of 50% Business Rates Retention, as it is difficult to predict the likely impact of the proposed changes

to the scheme and the financial impact until further detailed information is provided by the Government.

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

- The introduction of 100% Business Rates Retention is assumed to be fiscally neutral to the Council. The Provisional Local Government Finance Settlement announced that the Government would move towards full 75% business rates retention for local authorities by 2020-21, with 100% retention to follow in later years. The four-year multi-year settlement announced in 2016-17 provided some certainty for those authorities who agreed to sign up to the offer, however there is now growing uncertainty in the sector regarding the funding levels beyond this period. There remains a period of consultation between local government and central government over the coming months to establish a distribution methodology that is fit for purpose, however, local authorities are struggling to set medium term financial plans due to this element of uncertainty.
- The existing allocations of the improved Better Care Fund continue to be paid beyond 2019-20. If the funding ceases beyond 2019-20, local authorities will experience a 'cliff edge' funding effect that will significantly impact on the delivery of adult social care services.
- There continues to be a consistent rise in business rates growth in the county, however a change in the economic life-cycle or a significant loss of business in the region will impact on the level of business rates income.
- Inflationary increases are managed within existing budgets. The Plan assumes that inflation will remain at the Government's target of approximately 2% over the medium term.
- A general 2% pay award is assumed for each year of the Plan. The award for 2018-19 has been agreed. At the time of publication, local government employers were in negotiation with the unions regarding an offer for 2019-20. Any amount over and above 2% will have to be met from within existing budgets.
- Investment income will increase over the next year on the basis that the base rate of interest will increase. It is assumed that interest rates will rise over the medium term on the basis that the economy will grow following the UK's exit from the European Union.

Further significant risks are illustrated below.

Business Rates

The introduction of the Business Rates Retention Scheme in April 2013 has increased the level of financial risk for local authorities as they are now exposed to both the impact of appeals against rate valuations and avoidance of the tax. Whilst some appeals will go in the favour of local authorities, the uncertainty of the outcome and lack of knowledge about the timing of the decision mean that councils are forced to accept a significant, unpredictable financial risk, impacting on the availability of funding for services.

Other general risks have been identified, which need to be managed effectively. These are:

- The impact of Business Rates income from economic growth rates across the county.
- The district/borough councils' effectiveness in the collection of Council Tax owed.
- Deficits of the collection fund as a result of reduced collection rates for both Council Tax and business rates.
- Uncertainty around the level of business rates appeals.
- Current economic conditions including inflation levels, interest rates, reduced income from fees and charges.

Children's Social Care

The Council, along with other local authorities in the country, has expressed concern over the cost pressures associated with the provision of children's social care. Many local authorities, including Derbyshire, and the Local Government Association have urged Government to provide additional funding for the service.

The Local Government Association has highlighted that 75% of local authorities overspent on their children's services budgets by at least £0.5m each in 2015-16. Collectively, councils surpassed their children's social care budgets by £605m in order to protect children at immediate risk of harm. In 2017-18 there was an overspend on the Council's Young People portfolio of £6.4m. The latest budget monitoring report highlights a projected 2018-19 year-end overspend for Children's Services of £4.3m. The service is facing increased demand, including rising numbers of children in care and children in need.

The Troubled Families Grant, which has been supporting expenditure in Children's Services to the current level of £1.9m, is due to end in 2019-20.

The need for additional support will continue to form part of the sector's lobbying strategy.

Waste

The Council has spent a number of years, in partnership with Derby City Council, attempting to deliver a waste treatment facility to divert residual municipal waste from landfill. In 2009 a long-term contract was awarded to Resource Recovery Solutions (Derbyshire) Ltd (RRS), commencing in 2010 for a period of 27 years.

The original programme was for this facility to be operational in July 2012. The Council has been working with Derby City Council and RRS on the development of a revised project plan following the failure to secure planning permission.

Following a successful outcome to the second planning inquiry, planning permission was effectively received in September 2012. This decision was challenged by objectors in the High Court in March 2013 and the Appeal Court in October 2013, with both challenges being dismissed. This legal process has further delayed the project, with financial close occurring on 20 August 2014.

(k) Consultation

The Council has, for a number of years, undertaken a variety of consultation exercises, using a range of methods, in the preparation of its annual revenue budget. However, recently as part of the significant budget savings required, the Council has enhanced the value of the consultation exercises by using alternative approaches.

A separate report highlighting consultation activity recently undertaken is also on the agenda for consideration at this meeting.

3 Legal and Human Rights Considerations

The Council's Constitution contains Budget and Policy Framework Procedure Rules which must be followed when the Council sets its budget. Cabinet must propose a budget by early February to allow the Council, should it so wish, to raise objections and refer the budget proposals back to Cabinet for further consideration, allowing time to finalise the precepts before 1 March.

When setting the budget, the Council must be mindful of the potential impact on service users. The consultation exercises which have been undertaken in the preparation of the 2019-20 budget are relevant in this respect.

Section 149 of the Equality Act 2010 imposes an obligation on Members to have due regard to protecting and promoting the welfare and interests of persons who share a relevant protected characteristic (age; disability; gender re-assignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation).

A high level equality analysis has been carried out and will be made available to all Members prior to the Council meeting. Even though this is a high level analysis and, as noted below, there will be detailed analyses undertaken for specific service reductions, it is still essential that Members read and consider the analysis to be provided alongside this report. It will be noted that the analysis identifies a number of potential areas of detriment and Members are asked to pay careful regard to this in considering the recommendations made in this report. Once the budget has been set and as spending decisions are made, service by service, and as policies are developed within the constraints of the budgetary framework, proposals will be further considered by Members and will be subject to an appropriate and proportionate assessment of any equality implications as well as consultation, including consultation on a range of options, where appropriate.

4 HR Considerations

The actual scale and detailed composition of job losses involved will not become clear until the necessary consultations are concluded and final decisions are made on individual savings proposals. It is, however, evident that given the level of budget savings identified the scale of workforce re-alignment will be significant. The Council will seek to mitigate the impact of the proposed budget reductions on the Council's workforce through the use of measures such as vacancy control, redeployment, voluntary release, etc. and the further development of an internal jobs market.

The Council has a statutory responsibility to consult with the relevant trade unions when potential redundancy situations arise. At future meetings Cabinet will be asked to approve such consultation, where necessary, as well as reviewing the application of the appropriate HR measures to mitigate the effect of the budget reductions.

5 Equality and Diversity Considerations

An initial Equality Analysis has been carried out in relation to the Council's proposed Revenue Budget Report 2019-20. This outlines the overall likely impacts upon the different protected characteristic groups and is based on those areas which have been identified for savings. It also reflects upon the ongoing work to develop cumulative impact analysis and to consider the linkages between the Council's budget savings and those being made elsewhere in Government and by public sector partners.

Increasingly budget savings are resulting in reductions or changes to frontline services, which directly affect the people of Derbyshire. In particular, they are likely to pose a potential adverse impact for some older people, disabled people, children and younger people and families. In part this is because many of the Council's services are targeted at these groups and these services command the largest parts of the Council's budget. At the same time, other national and local changes are also likely to continue to affect these groups in particular. As indicated above, an initial budget Equality Analysis has been carried out and a copy will be circulated separately to all Members, as a Background Paper to this Report. Members are asked to read this analysis carefully. As explained above, this assessment helps identify areas where there is a significant risk of adverse impact which would then be subject to a full equality impact assessment process prior to Cabinet decisions on individual services.

6 Other Considerations

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

7 Background Papers

Autumn Budget 2018 – HM Treasury.

Provisional and Final Local Government Finance Settlement 2019-20 – Department for Communities and Local Government.

Initial budget Equality Analysis (to be circulated separately to all Members).

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

8 Officer's Recommendations

That Council:

- (i) Notes the details of the Autumn Budget 2018 and Provisional Local Government Finance Settlement as outlined in sections (b) and (c).
- (ii) Notes the Government's expectations about Council Tax levels for 2019-20 in section (d).
- (iii) Approves the precepts as outlined in section (d) and Appendix Three.
- (iv) Approves that billing authorities are informed of Council Tax levels arising from the budget proposals as outlined in section (d) and Appendix Three.
- (v) Approves the contingency to cover non-standard inflation as outlined in section (f). The contingency to be allocated by the Director of Finance & ICT once non-standard inflation has been agreed.

- (vi) Approves the service pressure items identified in section (g) and Appendix Four.
- (vii) Approves the level and allocation of budget savings as outlined in section (h) and Appendix Five.
- (viii) Notes the Director of Finance & ICT's comments about the robustness of the estimates and adequacy of the reserves as outlined in section (i).
- (ix) Notes the details of the Council's consultation activity as outlined in section (k).
- (x) Approves the Council Tax requirement of £329.430m which is calculated as follows:

	£
Budget Before Pressures and Budget Reductions	495,895,423
Plus Service Pressures – on-going	17,168,561
Plus Adult Social Care Precept	6,290,323
Plus Service Pressures - one-off	12,327,000
Less Budget Reductions	-13,393,000
Use of Contingency Budget	1,000,000
Increase in Debt Charges	2,000,000
Reduction to Risk Management Budget	-756,529
Increase in Interest Receipts	-1,000,000
Net Budget Requirement	519,531,778
Less Top-Up	-93,370,422
Less Business Rates	-19,194,534
Less Revenue Support Grant	-13,517,274
Less New Homes Bonus	-2,097,996
Less General Grant	-41,955,307
Less PFI Grant	-10,503,833
Less Use of Earmarked Reserves	-9,462,846
Balance to be met from Council Tax	329,429,566

- (xi) Authorises the Director of Finance & ICT to allocate cash limits amongst Cabinet portfolios; Strategic Directors will then report to Cabinet on the revised service plans for 2019-20.

PETER HANDFORD

Director of Finance & ICT

Public
Appendix One

SERVICE	Adjusted Base £	Funding Changes £	Adjusted Base after Funding Changes £	Pay and Price Inflation £	Base Plus Inflation £	Ongoing Pressures £	Adult Social Care Precept	Budget Savings Target £	Base Budget Ongoing £	One off Pressures £	Budget 2019-20 £
Adult Care	242,391,423	0	242,391,423	0	242,391,423	6,604,561	6,290,323	-5,732,000	249,554,307	0	249,554,307
Children's Services	91,754,577	0	91,754,577	9,718	91,764,295	7,632,000	0	-3,013,000	96,383,295	9,747,000	106,130,295
Economy, Transport and Environment	77,384,541	0	77,384,541	5,094	77,389,635	2,000,000	0	-2,666,000	76,723,635	1,212,000	77,935,635
Commissioning, Communities and Policy	57,139,838	0	57,139,838	25,729	57,165,567	932,000	0	-1,982,000	56,115,567	1,368,000	57,483,567
Service Totals	468,670,379	0	468,670,379	40,541	468,710,920	17,168,561	6,290,323	-13,393,000	478,776,804	12,327,000	491,103,804
Plus Contingency	0	0	0	4,122,000	4,122,000	0	0	0	4,122,000	1,000,000	5,122,000
Plus External Debt Charges	27,253,974	0	27,253,974	0	27,253,974	2,000,000	0	0	29,253,974	0	29,253,974
Plus Risk Management Budget	756,529	0	756,529	0	756,529	-756,529	0	0	0	0	0
Less Interest Receipts	-4,948,000	0	-4,948,000	0	-4,948,000	-1,000,000	0	0	-5,948,000	0	-5,948,000
Net Budget Requirement	491,732,882	0	491,732,882	4,162,541	495,895,423	17,412,032	6,290,323	-13,393,000	506,204,778	13,327,000	519,531,778
FUNDED BY:											
Council Tax	314,135,044	15,294,522	329,429,566	0	329,429,566	0	0	0	329,429,566	0	329,429,566
Top Up	43,031,143	50,339,279	93,370,422	0	93,370,422	0	0	0	93,370,422	0	93,370,422
Business Rates	94,177,978	-74,983,444	19,194,534	0	19,194,534	0	0	0	19,194,534	0	19,194,534
Revenue Support Grant	0	13,517,274	13,517,274	0	13,517,274	0	0	0	13,517,274	0	13,517,274
New Homes Bonus	2,057,945	40,051	2,097,996	0	2,097,996	0	0	0	2,097,996	0	2,097,996
General Grant	27,826,939	6,227,789	34,054,728	0	34,054,728	0	0	0	34,054,728	7,900,579	41,955,307
PFI Grant	10,503,833	0	10,503,833	0	10,503,833	0	0	0	10,503,833	0	10,503,833
Use of Earmarked Reserve	0	0	0	0	0	0	0	0	0	9,462,846	9,462,846
	491,732,882	10,435,471	502,168,353	0	502,168,353	0	0	0	502,168,353	17,363,425	519,531,778

Response to Provisional Local Government Finance Settlement



Peter Handford
Director of Finance & ICT

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Matlock
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Telephone (01629) 538950
Ask for: Eleanor Scriven
Our ref: ES/SB
Date: 10 January 2019

Local Government Finance Settlement Team
Ministry of Housing, Communities and Local Government
2nd floor, Fry Building
2 Marsham Street
LONDON, SW1P 4DF

Dear Sir/Madam

Provisional Local Government Finance Settlement 2019-20

The Council welcomes the opportunity to respond to the Provisional Local Government Finance Settlement 2019-20, details of which were published on the 13 December 2018. The Council's response is set out below.

Fair Funding

In the announcement of the consultation on the Review of Local Authorities' Relative Needs and Resources, which was published alongside the Provisional Settlement, the Council is pleased that the Government continues to recognise that the mechanism for allocating mainstream funding to local authorities is in need of revision, to ensure that the costs of providing services, particularly in respect of social care, are accurately reflected in the distribution methodology.

At the Autumn Budget 2018, an additional £890 million over two years was announced for adult and children's social care, comprising £240 million of additional funding in 2018-19 and 2019-20, to spend on adult social care services, to help councils alleviate winter pressures on the NHS, and £410 million of social care grant in 2019-20, for adult and children's services. This response will ease a number of the Council's financial pressures but there still remains a substantial unresolved funding gap between the cost of service demand and the resources available.

As an upper tier authority, the Council is responsible for providing children's social care services, including looked after children, children and families with complex needs, and 'early help' support for families; ensuring the sustainability of our schools provision and providing support for those with special educational needs and disabilities (SEND). The Council has expressed its concern regarding substantial increases in the cost of children's social care, providing evidence of increased demand in Derbyshire in a letter to the Secretary of State last year. There are particular pressures in relation to providing support to children with SEND and increasing concerns regarding the level of school funding.

Local authorities have been warning that services for children's social care are reaching breaking point, with the Local Government Association (LGA) estimating that there will be a funding shortfall in the region of £2 billion by the end of the decade. Urgent action is needed to address the children's social care system.

The recently published ADCS Safeguarding Pressures report highlighted that for 2018-19, local authorities have an estimated shortfall of an average of 10.4% in their children's services budget. Set against the 2018-19 published Section 251 budget of £8.03 billion, this would mean an additional £840 million ongoing funding is required, before inflation, simply to maintain current delivery. This is made even more acute given the demand-led nature of these services, which local authorities must fund by law.

Recent analysis illustrates rising demand for children's services nationally, including:

- an increase of 116% in the number of early help assessments completed between 2013 and 2018, with a 78% increase in initial contacts in the last ten years and a 159% increase in the number of Section 47 enquiries in the same ten year period;
- an increase in the average spend for each Looked After Child from £33,078 in 2012 to £39,099 in 2016, this increase continues; and
- an increase in total spending on residential care for Looked After Children, from £0.99 billion in 2012 to £1.10 billion in 2016, with further pressures predicted.

These pressures have resulted in a number of authorities being left with little choice but to divert funding towards crisis intervention activities, rather than preventative services. The national picture is being reflected in Derbyshire, with substantial strain placed on the children's social care budget. The Children's Services budget overspent by £5.5 million in 2016-17 and is currently forecast to overspend by £4.3 million in 2018-19, despite local investment in children's social care services. Increased demand for services in Derbyshire is highlighted below:

- Children subject to a child protection plan – in 2010-11, there were 554 children that were subject to a child protection plan in Derbyshire (a rate of 35 children per 10,000 population). By the end of 2015-16 this had risen to 738, being 48 children per 10,000 population. This is higher than the England rate of 43 per 10,000 population and higher than the rate of the Council's statistical neighbour benchmarking group, of 41 children per 10,000 population. Since 2015-16, numbers have increased, to an all-time high at the end of 2017-18 in excess of 900 children.
- Special Guardianship Orders (SGO) – the number of children subject to an order has increased year-on-year, from 141 in 2012-13 to 370 in 2016-17. The payments to SGO carers and Child Arrangement Order holders is in itself forecast to create a budget pressure in excess of £1 million during 2019-20.
- Children in Care – whilst the numbers of children in care decreased up to 2015-16, there has been a 20% increase in numbers since that time, with an increase of 130 children over a two year period. The cost of placements for children in care is forecast to create a £4 million budget pressure in 2019-20 for the Council.
- Children with additional needs – the number of children in Derbyshire schools with complex educational needs is estimated to have risen by approximately 30% since 2004. The proportion of pupils with statements or Education Health and Care Plans (3%) has increased since 2010-11 and is higher than averages for England and our statistical neighbour group, both of which have remained stable (2.8%). The proportion of pupils with Special Educational Needs (SEN) support has reduced since 2010-11 but at a slower rate than England and our statistical neighbour group.

It is positive that the end of austerity has been signalled, however critical front-line services continue to feel the financial strain from increased demand and the present short term funding does not sufficiently address this.

It is vital that additional funding for children's social care is allocated to local authorities as part of the Local Government Finance Settlements and Fair Funding Review and the Council is strongly of the view that any additional funding provided must be on-going, to help local authorities plan their budgets over the medium-term. One-off funding will only serve as a "sticking plaster" solution for these critical front-line services. The Council awaits the publication of the social care Green Paper, which will now cover proposals for younger adults, as well as support for older people.

Turning to the issue of schools funding, the Council is a member of the f40 group. The f40 group and the Council welcomes the introduction of a National Funding Formula and the additional funding of £1.3 billion made available for schools between 2018 and 2020, alongside the one-off funding announced in the Autumn budget. However, even with this investment, schools are under increasing financial pressure.

The Council offers support to schools who are experiencing financial strain, through a 'Team Around the School' process. This includes input from finance officers, human resources and school improvement officers. The Council is seeing a significant increase in the number of schools needing intensive support. Eighteen out of 324 maintained local schools are now showing significant financial difficulties and a number of schools are forecasting deficits, despite a reduction in school staffing and restructuring action being taken.

The National Funding Formula continues to see historic inequalities locked into the finance available to schools. Figures suggest that London schools continue to be funded at a significantly higher level than most of the rest of the country. In 2014-15, Inner London schools were funded at a rate of £5,918 per pupil, compared to schools in the East Midlands, which were funded at just £3,985 per pupil. The application of the Minimum Funding Level, bringing schools up to an artificial minimum level, results in maintenance of these historic differences.

The f40 group has estimated that a significant increase in investment in education funding is needed to meet the cost pressures facing all schools. The f40 group's index linked activity-led formula, which sets out the true costs of delivering to Ofsted standards, estimates that the current funding shortfall in schools is £2 billion per annum. Further to this, there is a need for longer term settlements of funding, so that schools may better plan how they will manage their budgets for the next few years. The f40 group is currently campaigning for a "three year rolling settlement for education, so schools can plan and manage their budgets more effectively", which the Council believes is a better approach. The Council urges the Government to consider this level of funding investment. Without additional investment there is a significant risk that the capacity and quality of education will fall, undermining recent strides that have been made to drive an improvement in educational outcomes.

Business Rates Retention Reform

The Council welcomes the consultation on Business Rates Retention system design, Business Rates Retention Reform: Sharing Risk and Reward, Managing Volatility and Setting Up the Reformed System, which was published alongside the Provisional Settlement.

Question 1: Do you agree with the methodology for allocating Revenue Support Grant in 2019-20?

In its response to the 2016-17 Local Government Finance Settlement, the Council stated that it did not agree with the proposed methodology. In recent years, the reductions to local authorities' Revenue Support Grant allocations have been calculated on the basis of applying a flat rate reduction to all local authorities and many local authorities would have estimated their funding reductions on this well-practiced methodology in developing their medium term financial plans.

Whilst comparisons of RSG reductions can no longer be made because of the Business Rates Pilots in 2018-19 and 2019-20, previously the average reductions favoured both inner and outer London authorities.

The additional improved Better Care funding announced in 2017 and the winter pressures and social care grants are welcome to support the funding crises in adult and children's social care. However, there needs to be a further focus on children's social care and the discord which exists because county councils have taken a higher reduction in RSG than other groups of authorities.

The Council welcomes the approach to resolving the issue of "negative RSG", which some authorities were facing in 2019-20, by removing it from the settlement via forgone business rate receipts. The methodology sensibly only affects local authorities who would otherwise have received a negative RSG allocation; with settlement allocations for the remaining local authorities, including the Council, unaffected.

Question 2: Do you agree with the Government's proposed approach to allocating £410 million un-ringfenced funding for adult and children's social care according to the existing Adult Social Care Relative Needs Formula?

The Council welcomes the additional £650 million announced by the Government in the 2018 Budget for adults' and children's social care in 2019-20. This included the £240 million Winter Pressures Grant and the £410 million Social Care Support Grant.

The Council supports the distribution of the Social Care Support Grant via the existing Adult Social Care Relative Needs Formula, which is in line with the distribution of the Winter Pressures Grant.

Question 3: Do you agree with the Government's proposal to fund the New Homes Bonus in 2019-20 with the planned £900 million from Revenue Support Grant, with any additional funding being secured from departmental budgets?

The Council welcomes the Government decision not to make any additional change to the baseline. If the Government wishes to continue funding New Homes Bonus (NHB), then the Council cannot see any other way of funding the grant, other than to find the totality of the funding required from within departmental budgets.

The Council cannot comment on the Government's decision to fund the NHB from both Revenue Support Grant and departmental budgets, as no details have been provided regarding the £20 million from departmental budgets. Therefore, we would ask Government to provide further details.

It has yet to be demonstrated whether the NHB has had the Government's planned incentive effect and has resulted in significant behavioural change. It could be argued that the operation and funding of the bonus removes funding from those with high needs and distributes that funding to lower tier service providers, which arguably have fewer pressures on their budgets. At a time when funding constraints remain in local government, the Council would like to see the Government consider whether this funding could be more appropriately directed to address well publicised pressures in adults' and children's services, including SEND provision in schools.

Question 4: Do you agree with the Government's proposed approach of paying £81 million Rural Services Delivery Grant in 2019-20 to the upper quartile of local authorities based on the super-sparsity indicator?

The Council welcomes the decision to provide additional funding of the additional costs of delivering services in rural areas, pending further consideration in the Fair Funding Review, in continued recognition that authorities in rural areas face costs not covered by the current funding arrangements.

However, the Council does not believe that the current distribution methodology treats all areas fairly. It is unfair to continue to exclude county councils where constituent districts receive this funding, as they face budgetary pressure resulting from their rurality, for instance in the service areas of social care and passenger transport, which are both upper tier responsibilities.

Question 5: The Government intends to distribute £180 million of the levy account surplus. Do you agree with the proposal to make this distribution on the basis of each authority's 2013-14 Settlement Funding Assessment?

The Council supports the proposal outlined in the Consultation Paper.

Question 6: What are your views on the council tax referendum principles proposed by the Government for 2019-20?

The Council is pleased to see that the Government has again recognised the cost pressures associated with delivering adult social care services by allowing local authorities with adult social care responsibility to raise up to an additional 3% to support service pressures. However, it does not meet the full costs of demand on services. In 2019-20, the cost to the Council of demographic growth for Adult Social Care will be £12 million, with similar figures expected each year for the foreseeable future.

The Council will await the outcomes of the Green Paper for Adult Social Care, together with the outcomes of the Fair Funding Review.

The Council welcomes the publication of the referendum principles alongside the Provisional Settlement. The announcement by the Government to allow a further 1% increase in Council Tax for general expenditure provides some flexibility for local authorities to raise much needed income to support vital services, particularly children's social care, however, this has to be balanced with a decision as to whether the burden should be placed on the electorate to support council services.

Question 7: What are your views on the Government's approach to tariffs and top-ups in 2019-20?

The Council agrees with the proposed approach.

Question 8: Do you have any comments on the impact of the 2019-20 local government finance settlement on those who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide supporting evidence.

The continuation of the increase in the referendum principle of 1% for general expenditure will provide additional income of approximately £3 million. However, variable amounts of income can be generated in different parts of the country. For example, Surrey can raise approximately £6 million from a 1% increase, whilst Cumbria can only raise approximately £2 million.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P Handford'.

Peter Handford
Director of Finance & ICT

Council Tax

Taxbase

	Equivalent Band D Properties 2018-19	Equivalent Band D Properties 2019-20	Change %
Amber Valley	39,172.68	39,539.86	0.94
Bolsover	21,473.52	21,982.87	2.37
Chesterfield	28,769.10	29,000.63	0.80
Derbyshire Dales	28,833.36	28,914.13	0.28
Erewash	32,815.50	32,988.80	0.53
High Peak	30,210.00	30,575.00	1.21
North East Derbyshire	30,656.59	30,957.85	0.98
South Derbyshire	32,467.00	33,302.00	2.57
	244,397.75	247,261.14	1.17

Collection Fund

	2018-19 £	2019-20 £
Amber Valley	909,741	411,922
Bolsover	0	0
Chesterfield	388,344	-20,135
Derbyshire Dales	295,925	55,932
Erewash	431,477	14,706
High Peak	184,190	490,190
North East Derbyshire	655,304	647,232
South Derbyshire	367,000	733,500
	3,231,981	2,333,347

Council Tax Amounts

Band	2018-19 £	2019-20 £	Increase £	Number of Properties
A	848.08	881.92	33.84	134,670
B	989.43	1,028.91	39.48	81,170
C	1,130.77	1,175.89	45.12	59,900
D	1,272.12	1,322.88	50.76	39,770
E	1,554.81	1,616.85	62.04	24,070
F	1,837.51	1,910.83	73.32	11,940
G	2,120.20	2,204.80	84.60	6,900
H	2,544.24	2,645.76	101.52	550
				358,970

Precept Amounts

	Amount Collected £	Collect Fund Surplus/ (Deficit) £	Amount Actually Due £
Amber Valley	52,306,395	411,922	52,718,317
Bolsover	29,080,646	0	29,080,646
Chesterfield	38,364,283	-20,135	38,344,148
Derbyshire Dales	38,249,854	55,932	38,305,786
Erewash	43,640,144	14,706	43,654,850
High Peak	40,446,982	490,190	40,937,172
North East Derbyshire	40,953,446	647,232	41,600,678
South Derbyshire	44,054,469	733,500	44,787,969
	327,096,219	2,333,347	329,429,566

Service Pressures

	On-going £m	One-off £m
Adult Care		
Price increases and demographic growth Increases in prices, demographic growth, number of disabled adults and cases of early onset of dementia. This represents the amount funded from iBCF and Adult Care Precept.	12.439	0.000
Transforming Care Programme A programme to move 24 clients from long stay hospitals to social care provision, supports the independent living agenda.	0.456	0.000
Children's Services		
Demographics To support the increase in the numbers of looked after children, placements and children in need.	3.000	1.000
Social Work Remodelling To support a planned programme of service delivery for Safeguarding Services that improves social work caseload levels across the county.	1.300	2.600
Care Leavers To provide staffing to support better transition planning for care leavers.	0.000	0.402
Children in Care Placements Supports the increased number of nights required for placements with agency foster carers and agency residential care.	0.000	4.000
Payments to Carers Payments are made to carers who have taken on parental responsibility when a child can no longer live with their own parents, based on an assessment of financial need. These costs are rising and there is also increased demand.	1.097	0.000

Children in Care Proceedings Increases in solicitor's fees, where work is shared with another party or the Council's in-house team is unable to deliver the work, barrister's fees and the fees payable to courts at each stage of care proceedings.	0.000	1.050
Transport Costs Significant increase in costs and demand for special educational needs (SEN) Home to School Transport, with more contracts being required to transport children to and from schools.	1.000	0.000
Pupil Referral Units Funding for home to school transport costs currently allocated to Pupil Referral Units.	0.450	0.000
Children's Homes Increases in costs of night care staff driven by complex and challenging child cases.	0.450	0.000
SEND Services Increases in statutory responsibilities and demands placed on the service for special educational needs and disabilities (SEND).	0.275	0.000
Mobile Working Funding for development proposals and implementation of mobile working.	0.000	0.260
Complex Cases Negotiations are underway with the Clinical Commissioning Groups (CCGs) for a revised pooled budget arrangement to reflect higher costs experienced in recent years. This increase represents the estimated additional contribution from Children's Services to the pool.	0.000	0.250
Child Protection Funding to allow focus on quality assurance and development role amid increases to plan volumes and referrals.	0.000	0.105
Participation Funding whilst alternative options are developed.	0.000	0.080

Foster Carers Increases in cost of recruitment and retention.	0.060	0.000
Commissioning, Communities and Policy		
Community Managed Libraries Funding for the Council Plan commitment to introduce community managed libraries.	0.000	0.742
Thriving Communities Funding to concentrate on three priorities in respect of rolling out this Council Plan commitment across Derbyshire: radically reshaping demand, unlocking community potential and creating an alliance for work and skills.	0.368	0.000
Child Care Solicitors Increases in the cost of in house legal support, with the objective of reducing Children's Services spend on external legal services in the context of the rising number of child care cases.	0.000	0.300
Coroners Support for service provision, approved by Cabinet, to establish new posts and increase daily fees to Assistant Coroners.	0.270	0.000
ICT Strategy Invest to Save programme to support the Council Plan and the Enterprising Council programme, with new ways of working to make sure that ICT is aligned with business requirements.	0.200	0.000
Enterprising Council Support for this programme of transformational change, which will affect the whole organisation and is a Council Plan commitment.	0.094	0.150
Learning Management System Funding to project manage the replacement of the Council's Learning Management System.	0.000	0.083

SSC HR Consultant – SAP Development Support for the HR SAP Development Team to enable additional focus on the generation of financial savings.	0.000	0.045
Trading Standards – Older People Support To provide a sustained awareness raising programme over the next three years in reducing the number of instances of fraudulent activity against older people.	0.000	0.048
Economy, Transport and Environment		
Waste Treatment and Disposal Increases in cost of delivering the main waste treatment and disposal contracts across Derbyshire and the increased cost of recycling credits plus some other contractual costs.	1.500	0.000
Water Body Changes to regulations have given rise to additional project management responsibilities in respect of the Council's obligations to managing its water bodies. The one-off costs associated with this proposal are supported. There are ongoing costs which are relatively low (£25k) which will be absorbed by the department.	0.000	0.100
Highways Maintenance To provide a coordinated, cyclical maintenance programme and maintenance improvements.	0.000	1.000
Public Transport To enable reasonable levels of public transport accessibility to be maintained across Derbyshire.	0.500	0.000
Street Lighting To meet the inflationary increases of street-lighting energy.	0.000	0.048

HS2 Co-Ordination Officer

To provide support in representing the Council's interest as the HS2 route is developed.

0.000

0.064

Total Budget Pressures

23.459

12.327

BUDGET SAVINGS PROPOSALS 2019-20

Adult Care – Total - £5,732,000

Electronic home care recording - £350,000

The Council commissions home care from agencies and uses an electronic time recording system, which logs time spent with clients. It is 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 the Council 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 staff quickly to a missed call.

Increased use of assistive technology - £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. The Council 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.

Learning disability services - £500,000

Savings are expected to be made by working more closely with health services, streamlining assessment processes and matching clients more effectively with support, including with less traditional services, savings are expected to 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) - £250,000

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.

Use of iBCF to support Adult Care - £4,132,000

Use part of the additional funding allocated through the Improved Better Care Fund (iBCF) to support Adult Social Care.

Children's Services – Total - £2,091,000

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

The Council has completed a review of the services all departments provide for children aged 0-5 and their families. The review examined how these services could be redesigned and how partnership working could help families get directly to the right service. The service will be delivered in a more integrated way with health partners which will reduce duplication and deliver efficiencies.

Home to school transport – £90,000

The Council will make statutory provision and ensure efficient use of transport but will not provide discretionary services.

Outdoor education – £20,000

The Council's outdoor education service will reduce its net costs by widening the facilities available to schools and families and at weekends, for example weddings, functions and camping, to generate additional income and will review its charges to help deliver cost reductions.

Support for inclusion - £52,000

This saving will be achieved by reduction in the costs of supporting early years and childcare and some support services to schools.

Back office costs – £419,000

This will be achieved by reducing general business support and specialised back office functions, including staffing, in line with reductions in frontline services.

Services for teenagers – £162,000

Make savings by taking away centralised and back office management functions.

Catering – £117,000

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

Special Educational Needs and Disabilities (SEND) - £75,000

The Council's educational psychology service will generate further income.

Donut Creative Arts Studio (DCAS) - £156,000

The Council will negotiate with other providers to take over the running of the centre reducing the need for direct staffing and day-to-day running costs.

Balance of Savings

The department will identify further savings to ensure that the 2019-20 target is met.

Commissioning, Communities and Policy - Total - £1,982,000

Libraries - £350,000

As part of a multi-year programme, a package of measures to achieve savings will be introduced, including the implementation of the transfer of some libraries to community control, together with a review of staffing levels and opening hours. The Libraries Materials Fund will be reduced resulting in a reduction in the range and depth of materials available. There will also be a review of the service provided by the Mobile Library Service to determine if this could be provided in alternative ways.

Administration and employee savings - £767,000

The number of staff in finance and ICT, legal and democratic services, communications, policy, trading standards and community safety will be reduced by not replacing people when they leave and by restructuring services. There are also a number of initiatives and procurement exercises being carried out to reduce costs.

Insurance reductions - £165,000

This money will be saved by reducing the contribution to the insurance fund, which means the Council accepting a higher level of risk against the fund.

ICT budget - £200,000

The annual contribution from the revenue budget to the ICT replacement reserve will stop. The funding of the replacement of ICT hardware will need to be met from other sources.

Property services - £500,000

There will be a reduction in running costs as the number of properties the Council owns decreases. Fees will be generated from capital schemes.

Economy, Transport and Environment – Total - £737,000

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.

Safe and active travel - £240,000

The school crossing patrol service will be funded and managed as part of Public Health's safe and active travel programme, enabling this money to be saved from the Council's revenue budget.

Countryside Service - £100,000

The Council is looking for alternative sources of funding and generating income through commercial activity to help it continue running this service.

Parking services - £90,000

The Council will save money by managing its civil parking enforcement service differently.

Emergency planning - £57,000

The Council will look at ways of providing this service at less cost.

BUDGET SAVINGS PROPOSALS 2020-21

Adult Care – Total - £5,100,000

Continuation from 2019-20 Schemes:

Learning disability services - £2,250,000

Electronic home care recording - £350,000

Increased use of assistive technology - £1,500,000

Increase client contributions (co-funding) - £250,000

NEW SCHEMES:

Review in-house older people's day care - £500,000

Clients currently accessing day care services will be reassessed and where appropriate, offered alternatives to a traditional day care service. This could include luncheon clubs, befriending services, social activities or outings.

Review other prevention services - £150,000

Efficiency savings in the welfare benefits service.

Reduction in finance staffing - £100,000

Two ICT systems for prepaid accounts and electronic home care recording will allow streamlining of current processes and will reduce the level of staffing required in some areas within this team.

Children's Services – Total - £984,000

Continuation from 2019-20 Schemes:

Outdoor Education - £160,000

Services for teenagers - £162,000

Special Educational Needs and Disabilities (SEND) - £79,000

Back office costs - £273,000

NEW SCHEMES:

Adoption placements – £143,000

Moving to regional arrangements for adoption allowances to make savings.

Early help – £167,000

The Council, in conjunction with its partnership agencies, is in the process of undertaking a major review of early help provision for vulnerable children and their families. The partnership is exploring opportunities to share services, avoid duplication and reduce costs.

Commissioning, Communities and Policy -Total - £1,626,000

Continuation from 2019-20 Schemes:

Libraries - £310,000

The multi-year programme in respect of the implementation of the transfer of libraries to community control, together with reviewing staffing levels and opening hours, will continue to be progressed, as well as the review of the service provided by the Mobile Library Service.

Administration and employee savings - £503,000

We will look to reduce the number of staff in finance & ICT, trading standards and community safety. We will also review administration costs.

Insurance reductions - £250,000

This money will be saved by reducing the contribution to the insurance fund, which means the Council accepting a higher level of risk against the fund.

Property Services £563,000

We will continue to reduce the numbers of properties we have which will reduce running costs. We will also generate fees from capital schemes.

NEW SCHEMES

Trade Union (TU) Facilities Time - £50,000

The Council is looking to reduce its expenditure on TU Facilities Time by 50% which will reduce annual costs from £274,604 (0.08% of pay bill) to £137,302 (0.04% of pay bill). For comparative purposes this will bring the Council in line with similar county councils who have the lowest percentage of TU Facility Time as a proportion of their pay bill. Not all of these cost reductions can be realised as a saving but it is expected that it will generate a proposed saving of £50,000 per annum from 2021 onwards.

Economy, Transport and Environment - Total - £5,134,000

Continuation from 2019-20 Schemes:

Countryside Service - £400,000

The Council is looking for alternative sources of funding and generating income through commercial activity to help it continue running this service.

NEW SCHEMES:

Staffing - £1,866,000

The number of staff will be reduced by not replacing people when they leave, staff reorganisations and looking for other sources of income to pay for staff costs.

Highways - £1,000,000

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

Waste - £1,418,000

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

Public transport - £450,000

Following the additional investment in 2017, we will be able to reduce the amount we spend on subsidised bus services from 2020. This will be achieved by re-tendering services to buy them at a better price and by reviewing some services to make sure they are still being used.

BUDGET SAVINGS PROPOSALS 2021-22

Adult Care – Total - £2,850,000

Continuation from 2019-20/2020-21 Schemes:

Learning disability services - £2,250,000

Increased use of assistive technology - £500,000

Reduction in finance staffing - £100,000

Children's Services – Total - £500,000

Continuation from 2019-20/2020-21 Schemes:

Back office costs - £200,000

NEW SCHEMES:

Home to school transport - £300,000

The Council will continue to review provision of Home to School transport for children and young people with Special Educational Needs to explore ways in which the net cost to the Council can be reduced.

Commissioning, Communities and Policy Total £1,332,000

Continuation from 2019-20/2020-21 Schemes:

Libraries £206,000

The multi-year programme in respect of the implementation of the transfer of some libraries to community control, and the review of the staffing levels and opening hours will continue to be progressed.

Administration and employee savings - £372,000

We will look to further reduce the number of staff in finance & ICT, trading standards and community safety. We will also review administration costs.

Insurance reductions - £300,000

Further money will be saved by reducing the contribution to the insurance fund, which means the Council accepting a higher level of risk against the fund.

Property Services £454,000

We will continue to reduce the numbers of properties we have which will reduce running costs. We will also generate fees from capital schemes.

Economy, Transport and Environment – Total - £1,925,000

Waste - £1,750,000

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

Highway Agency agreements - £150,000

The Council will reduce the cost of highway maintenance work carried out on its behalf by other organisations.

Parking services - £25,000

The Council will save money by managing its on street parking service differently.

BUDGET SAVINGS PROPOSALS 2022-23

Children's Services – Total - £400,000

Continuation from 2019-20/2020-21/2021-22 Schemes:

Home to school transport - £200,000

Back office costs – £200,000

FIVE YEAR FINANCIAL PLAN for 2019-20 to 2023-24

	2019-20	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
FUNDING					
Business Rates and Government Grants					
Business Rates	19.195	19.579	19.970	20.370	20.777
Top-Up	93.370	96.171	99.056	102.028	105.089
Revenue Support Grant	13.517	0.000	0.000	0.000	0.000
Better Care Fund	25.928	25.900	25.900	25.900	25.900
additional improved Better Care Fund	5.126	0.000	0.000	0.000	0.000
New Homes Bonus	2.098	2.300	2.300	2.400	2.400
General Grant	10.901	3.000	3.000	3.000	3.000
PFI Grant	10.504	10.504	10.504	10.504	10.504
Sub Total	180.639	157.454	160.731	164.202	167.670
Council Tax	329.431	334.003	338.983	350.879	363.194
Use of Balances	9.462	3.364	3.000	2.000	2.000
TOTAL FUNDING	519.532	494.821	502.714	517.080	532.864
EXPENDITURE:					
Base Budget	491.732	506.205	491.457	499.714	515.080
Price Inflation	0.040	2.000	2.000	2.000	2.000
Living Wage	0.000	1.000	1.000	0.000	0.000
Pay Award (including Living Wage)	3.907	7.676	7.829	7.985	8.145
Contingency for Price Increases	0.215	0.000	0.000	0.000	0.000
Debt Charges	0.000	0.000	-1.500	0.000	0.000
Interest Receipts	-1.000	0.000	0.000	0.000	0.000
MRP adjustment	2.000	1.000	7.000	0.000	0.000
On-going Service Pressures (see below)	23.460	7.000	7.300	6.000	6.000
Risk Management Budget	-0.756	0.000	0.000	0.000	0.000
	519.598	524.881	515.086	515.699	531.225
One-off expenditure:					
Risk Management	0.000	0.000	0.000	0.000	0.000
One-off revenue support	12.327	3.364	2.000	2.000	2.000
Contingency for other one-off revenue bids	1.000	0.000	0.000	0.000	0.000
Elections	0.000	0.000	1.000	0.000	0.000
	13.327	3.364	3.000	2.000	2.000
Budget cuts required	-13.393	-33.424	-15.372	-0.618	-0.361
TOTAL EXPENDITURE	519.532	494.821	502.714	517.080	532.864
Ongoing base budget	506.205	491.457	499.714	515.080	530.864

Public
Appendix Six

Assumptions	2019-20	2020-21	2021-22	2022-23	2023-24
Price Inflation	2.00%	2.00%	2.10%	2.10%	2.00%
Pay Award	2.00%	2.00%	2.00%	2.00%	2.00%
Business Rate Growth	-79.62%	2.00%	2.00%	2.00%	2.00%
Top Up RPI	116.98%	3.00%	3.00%	3.00%	3.00%
Council Tax Increase	3.99%	0.00%	0.00%	2.00%	2.00%
Taxbase Increase	1.17%	1.50%	1.50%	1.50%	1.50%
Taxbase	247,261	250,970	254,734	258,555	262,434
Collection Fund Position (£m)	2.333	2.000	2.000	2.000	2.000
Council Tax (£/Band D)	1,322.88	1,322.88	1,322.88	1,349.34	1,376.32
Ongoing Service Pressures	2019-20	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
Adult Care Price Increases and Demographics	12.440	5.000	5.000	5.000	5.000
Transforming Care Programme	0.456	0.000	0.000	0.000	0.000
Payments to Carers	1.097	0.000	0.000	0.000	0.000
Transport Costs (SEN)	1.000	0.000	0.000	0.000	0.000
Pupil Referral Units	0.450	0.000	0.000	0.000	0.000
Children's Homes	0.450	0.000	0.000	0.000	0.000
SEND Services	0.275	0.000	0.000	0.000	0.000
Foster Carers	0.060	0.000	0.000	0.000	0.000
Public Transport	0.500	-0.300	0.000	0.000	0.000
Pension Fund	0.000	1.000	0.000	0.000	1.000
Children's Social Care Demographics	3.000	0.000	1.000	1.000	0.000
Children's Social Work Remodelling	1.300	1.300	1.300	0.000	0.000
Thriving Communities	0.368	0.000	0.000	0.000	0.000
Coroners	0.270	0.000	0.000	0.000	0.000
ICT Strategy	0.200	0.000	0.000	0.000	0.000
Enterprising Council	0.094	0.000	0.000	0.000	0.000
Waste Treatment and Disposal	1.500	0.000	0.000	0.000	0.000
	23.460	7.000	7.300	6.000	6.000

Public
Appendix Six

One-Off Pressures	2019-20	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
Highways Maintenance	1.000	0.000	0.000	0.000	0.000
Children in Care Proceedings	1.050	0.000	0.000	0.000	0.000
Mobile Working	0.260	0.000	0.000	0.000	0.000
Complex Cases	0.250	0.000	0.000	0.000	0.000
Participation	0.080	0.000	0.000	0.000	0.000
Children's Social Work Remodelling	2.600	1.300	0.000	0.000	0.000
Children's Social Care Demographics	1.000	2.000	0.000	0.000	0.000
Care Leavers	0.402	0.000	0.000	0.000	0.000
Children in Care Placements	4.000	0.000	0.000	0.000	0.000
Child Protection	0.105	0.000	0.000	0.000	0.000
Community Managed Libraries	0.742	0.000	0.000	0.000	0.000
Child Care Solicitors	0.300	0.000	0.000	0.000	0.000
Enterprising Council	0.150	0.000	0.000	0.000	0.000
Learning Management System	0.083	0.000	0.000	0.000	0.000
HR Consultant SAP Development	0.045	0.000	0.000	0.000	0.000
Water Body	0.100	0.000	0.000	0.000	0.000
Trading Standards Older People Support	0.048	0.000	0.000	0.000	0.000
Street Lighting	0.048	0.000	0.000	0.000	0.000
HS2 Co-Ordination Officer	0.064	0.064	0.000	0.000	0.000
	12.327	3.364	0.000	0.000	0.000