

Agenda Item No.8 (c)

DERBYSHIRE COUNTY COUNCIL

COUNCIL

7 February 2018

Report of the Director of Finance & ICT

REVENUE BUDGET REPORT 2018-19

1 Purpose of Report

To propose a Revenue Budget and Council Tax for 2018-19. This report should be read alongside the following reports to this Council meeting: the Budget Consultation Results Report for 2018-19, the Budget Monitoring position for 2017-18 and the Capital Budget Report for 2018-19.

2 Information and Analysis

The budget has been constructed in the context of currently known information. Details of the Final Local Government Finance Settlement are expected to be published in early February 2018. 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 Provisional 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 comment on the Council's financial standing and the robustness of the estimates made in preparing the budget.

(a) Budget 2017-18

The latest budget monitoring position for 2017-18 is in a separate report for consideration at this meeting. The Council is expected to underspend in 2017-18, this has been planned as part of the long term funding strategy for the Council over the medium term up to 2021-22.

(b) Autumn Budget 2017

On 22 November 2017, the Government announced details of the Autumn Budget 2017. The key announcements relevant to local government were:

- The business rates multiplier will be increased in line with the Consumer Price Index rather than the Retail Price Index from April 2018;
- Business rates revaluations will take place every three years rather than every five years from the next valuation scheduled for 2022;

- The Government will set out plans to transform mental health services for children and young people;
- The Disabled Facilities Grant is to be increased by £42m to £473m in 2017-18;
- An additional £45m in 2017-18 to tackle potholes across England;
- Business rate relief for public houses with a rateable value of less than £100,000 has been extended for a further year to March 2019. Local authorities will be fully compensated for the loss of income as a result of this measure;
- The Government's planned Green Paper on the future financing of Social Care has been postponed until Summer 2018;
- The Government will reward schools and colleges who support their students to study maths by giving them £600 for every extra pupil who decides to take Maths or Further Maths A-Levels or Core Maths. Over £80m will be available initially with no cap on numbers;
- A new £40m teacher training fund for underperforming schools in England. This is worth £1,000 per teacher;
- A total of 8,000 new computer science teachers are to be recruited at a cost of £84m.

(c) Provisional Local Government Finance Settlement

Details of the Provisional Local Government Finance Settlement 2018-19 were published on 19 December 2017. It marked the start of a four-week consultation period. The Director of Finance & ICT submitted the Council's response to the Provisional Settlement ahead of the deadline for responses, which was 16 January 2018, following consultation with the Leader of the Council and Corporate Management Team. A copy is attached at Appendix Two.

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 is that these multi-year settlements provide funding certainty and stability to enable more proactive planning of service delivery and support strategic collaboration with local partners.

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 has confirmed that the Council is now formally part of the multi-year settlement deal.

The headlines from the Settlement are:

- Increased Council Tax referendum principle for general expenditure from 2% to 3% for 2018-19 and 2019-20, in line with inflation;
- Confirmation of the continuation of the Adult Social Care Precept;
- Announcement of the Government's aim to localise 75% of business rates from 2020-21 and implementation of the new needs assessment methodology;
- The methodology for the distribution of the New Homes Bonus to continue in its current format;
- Announcement of ten new 100% business rates retention pilots for 2018-19 over and above those previously announced.

In September 2017, the Government invited local authorities to submit proposals to become 100% business rates retention pilots in 2018-19. The pilots are deemed as an opportunity for the Government to test more technical aspects of the 100% business rates retention system. It will provide the opportunity to evaluate 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. The Finance Settlement announced the Derbyshire pilot as one of the ten successful bids. Initial modelling indicated that the pilot would bring additional one-off income in 2018-19 of up to £21m to the county of Derbyshire. The County Council's share is estimated to be up to £6m. Of the £21m, 70% will support services across the region including children's social care, housing, waste and recycling, promoting tourism and supporting community safety, and 'safe and well' checks.

The remaining 30% of the gain will be used to support economic regeneration across the county and in Derby City. The Derby and Derbyshire Authorities Joint Committee for Economic Prosperity will be the decision making board for allocation of funding to individual projects.

It should be noted that the pilot is for 2018-19 only. Thereafter, the funding allocations will revert back to those previously announced in the multi-year settlement for 2019-20, pending further consultation on the move to 75% business rates retention. It is possible the Government may extend the pilot into 2019-20 to bridge the gap for affected councils until the 75% regime comes into force in 2020-21. Further financial modelling will be undertaken over the coming weeks to determine the full financial benefit to the county.

Settlement Funding Assessment

In previous years the Settlement Funding Assessment (SFA) has been 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 will be part of the 100% Business Rates Retention pilot it will forego Revenue Support Grant. Details of the allocations are summarised below:

		2018-19 allocations before 100% Business Rates Pilot £m	2018-19 allocations after Business Rates Pilot £m
	2017-18 £m		
Revenue Support Grant	44.056	28.633	0.000
Business Rates Top-Up	88.604	91.449	43.031
Business Rates - Local	18.041	17.122	94.173
	150.701	137.204	137.204

- **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); however it has been adjusted to take account of the Council's move to a 100% Business Rates Retention Pilot.

- **Business Rates – Locally Retained**

The figure for Local Business Rates shown in the table above is the Government's estimate of growth; the final figure will be provided by the billing authorities which have until 31 January 2018 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. Given the additional complexities of the business rates pilot and the financial modelling that is on-going, any changes to the figure shown in Appendix One will be managed through the Risk Management Budget.

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 2018-19 of £0.437m, making a total allocation receivable in 2018-19 of £2.058m.

General Grant

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

	2017-18 £m	2018-19 £m
Education Services Grant	2.308	0.000
Local Reform and Community Voices Grant*	0.503	0.503
Prison Services*	0.100	0.100
New Homes Bonus returned top-slice	0.252	0.000
Transition Grant	1.124	0.000
Lead Local Flood Authority	0.052	0.055
Business Rates Capping*	1.000	2.262
High Needs Strategic Planning	0.305	0.000
Special Educational Needs and Disability Implementation	0.513	0.000
Adult Social Care Support Grant	3.644	0.000
Improved Better Care Fund	18.464	24.906
Total	28.265	27.826

* 2018-19 figure is an estimate as details of allocations have not been released.

- **Local Reform and Community Voices Grant** – this grant is comprised of funding for Deprivation of Liberty Safeguards, local Healthwatch and Independent Complaints Advisory Services.
- **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.
- **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 2018-19 by means of a Section 31 grant.
- **Improved Better Care Fund** – the Comprehensive Spending Review 2015 announced that £1.5bn would be added to the ring-fenced Better Care Fund progressively from 2017-18, reaching £1.5bn in 2019-20 nationally.

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 2018-19 is £10.504m.

Ring Fenced Grants

- **Dedicated Schools Grant (DSG)**

Grant is paid to local authorities to provide school 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 individual schools in accordance with their local funding formula. Details of schools block DSG funding was considered by Cabinet on 1 February 2018.

- **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 2018-19 is £40.548m. This represents a reduction of 2.57% compared to the 2017-18 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 2018-19 is £95.558m and will be split as follows:

	2017-18 £m	2018-19 £m
Tameside	2.252	2.295
Erewash	6.465	6.587
Hardwick	7.387	7.528
North Derbyshire	19.547	19.919
Southern Derbyshire	17.774	18.112
CCG minimum contribution	53.425	54.441
CCG additional contribution		
Wheelchairs	2.899	0.503
ICES equipment	2.269	1.833
CMHT	-	2.372
Community Nursing	-	3.552
	5.168	8.260
DCC additional contribution		
ICES equipment	1.857	1.500
DFG	5.481	6.451
Improved Better Care Fund	1.945	24.906
	67.876	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, including reduced 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 2018-19 is 244,397.75, based on the number of equivalent Band D properties, a 1.47% 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 £4.293m. This is calculated by multiplying the increase in the number of properties by the Council's Equivalent Band D Council Tax rate in 2017-18. Previous years have seen increases in the taxbase of 1.40% 1.47% and 0.56%. The Provisional Five Year Financial Plan assumed an increase of 1.50% on the basis of housing growth seen in recent years.

Collection Fund

The collection fund surplus for 2018-19 is £3.232m. 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 2018-19, 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 3%, making 6% in total.

Council Tax Increase

The Council's Five Year Financial Plan published in July 2017 assumed a 3.99% increase in Council Tax for both 2018-19 and 2019-20, with a freeze in Council Tax proposed in the subsequent two years. The budget consultation report illustrates that 70% of respondents were in support of a Council Tax increase. As this option of utilising additional Council Tax to support social care spend was unknown at the time of the consultation it didn't form part of that process. Local authorities had urged Government to provide additional funding to support vital services, particularly children's social care. However, the government decided instead to allow a further 1% increase in Council Tax in 2018-19, this will raise additional income for the Council of approximately £3m over and above the plans published previously.

In considering the option of an additional 1% increase in Council Tax, over and above the planned 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 are considered later in this report in section (g), but 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.

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. The latest budget monitoring report which is for consideration at this meeting, highlights a projected year-end overspend for Children's Services of over £6m. The service is facing increased demand including rising numbers of children in care and children in need. The option of a 1% increase will provide some additional support for the service to go towards starting to address the pressures it faces. The additional income raised of £3m will be allocated to Children's Services.

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

The following illustrates the increased demand for social care provision for children:

- **Children subject to a child protection plan** – in 2010-11, there were 554 children that were subject to a child protection plan. By the end of 2016-17 this had risen to 914.

- **Social care referrals** – whilst the number of referrals to social care has remained fairly stable in recent years, the referral rate per 10,000 population continues to be higher than the rate nationally. In 2016-17, the referral rate in Derbyshire was 565 per 10,000 population compared to 532 per 10,000 population for England.
- **Children in need** – the number has increased in Derbyshire from 271 per 10,000 population in 2010-11 to 336.5 per 10,000 population by 2016-17.
- **Special Guardianship Orders** – the number of children subject to an order has increased year-on-year from 141 in 2012-13 to 370 in 2016-17.
- **Children in care** – whilst the numbers of children in care have decreased up to 2015-16, there has been a 7.7% increase in numbers during the last year. The number of Unaccompanied Asylum Seeking Children in care also remains comparatively low, this has increased from 16 in 2015-16 to 31 this year, and is expected to rise over the medium term to a potential figure of 120.
- **Social worker caseloads** – the average social worker caseloads are high in Derbyshire as a result of the increasing demands outlined above.
- **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 the England average of 2.8%. The proportion of pupils with Special Educational Needs (SEN) support has reduced since 2010-11 but at a slower rate than the England average.

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 2018-19 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 2018-19 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 being frozen.

There will be an allocation to the Adult Social Care budget to reflect the annual increase in care home fees.

The total impact of price increases is estimated at £1.844m. This includes the allocation for increases in respect of:

	£m
Business Rates	0.044
Residential Care Home Fees	1.800
	1.844

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 2018-19. The Council's Five Year Financial Plan published in July 2017 assumed a pay award of 1%. However, this was ahead of the Government's decision to remove the 1% cap. 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 approximately £5.9m which will be held in the Council's contingency budget, until such time that a final agreement has been made, at which 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 departmental 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.

- **Living Wage impact on Care Home Fee increases - £4.200m**

The Government announced in its Summer Budget 2015 that the new National Living Wage will rise to £9 an hour by 2020. This sum reflects the

estimated costs to the Council of meeting the costs associated with the continued promotion of the National Living Wage. Details of the fee increases for 2018-19 will be considered by Cabinet at a later date.

- **Pay Award - £5.900m**

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

- **Children's Services Legal Fees - £0.166m**

To meet the estimated demand for new care cases as a result of the year-on-year growth in child protection cases and changes to court proceedings.

- **Fostering Allowances - £0.117m**

Derbyshire's strategy to ensure sufficiency of placements for children in care is reliant on recruiting and retaining enough foster carers, both mainstream and as contract carers. The above amount assumes an estimated increase of 2.5%. The final figures will be confirmed later in the year.

- **Care Leavers - £0.036m**

The Derbyshire Leaving Care Support Service contract includes an option to extend the contract by up to 2 further years. In the event that the contract is extended there is some uncertainty as to whether there would be an inflationary increase.

- **Home to School Transport - £0.625m**

The above sum is the estimated cost of the inflationary increase of services to provide free transport to school for pupils that meet the statutory thresholds.

- **Street Lighting Energy - £0.212m**

This is the estimated increase in street lighting energy costs. Whilst the Council has a programme to introduce LED street lights which will bring energy savings over the medium term, the Council is still in the process of implementing these LED street lights across the Council.

External Debt Charges - £27.326m

This represents the interest payable 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 to reflect this overpayment, therefore the charge for 2018-19 will be

reduced by £10.000m. Such a reduction will continue until 2021-22. 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 at the end of the current five year planning period.

The Council has paid off a number of loans which were used to support the Council's capital programme. As the Council has not undertaken further borrowing in recent years, it provides an opportunity to reduce the budget by £8.500m to reflect the reduction in interest charges.

The Capital Programme has two invest to save schemes – Spire Lodge and Alfreton Park replacement phase 2. It has been agreed that the debt charges will be met from corporate budgets thereby supporting the Children's Services budget by approximately £0.500m.

Risk Management Budget - £0.302m

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 will be reduced by £4.484m to provide support to priority services. Any unused balance on the Risk Management Budget is contributed to the General Reserve at the year end.

Interest Receipts - £5.000m

The Bank of England increased the base rate of interest from 0.25% to 0.50% at its meeting on 2 November 2017. 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 2018-19 are shown at Appendix Four. A total of £29.020m will be allocated to base budgets. One-off support of £11.457m will be funded from the Budget Management Earmarked Reserve.

(h) Budget Savings Targets

The Council's Five Year Financial Plan published in July 2017 identified a savings target of £22.428m for the financial year 2018-19. However, the decision to reduce the Council's annual MRP charge over the medium term helps to smooth the savings targets year-on-year, although the target savings by the end of 2021-22 still remains at £53m.

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 £12.341m are shown at Appendix Five. Three departments are currently estimating to achieve savings above their target allocation. This 'front-loading' of savings will be held against the balance of savings required in future years, except for Economy, Transport and Environment where the over-achievement offsets a prior year shortfall. The shortfall in savings target for Commissioning, Communities and Policy will be met from the Budget Management Earmarked Reserve. This is in agreeing with the principles of meeting savings shortfalls with one-off support as agreed in the Revenue Budget Report 2017-18.

The table below summarises the savings target, identified savings and the shortfall/over-achievement for each department.

	Target	Identified	Shortfall/(Over-
	£m	Savings	achievement)
		£m	£m
Adult Care	4.973	5.015	-0.042
Children's Services	2.906	2.946	-0.040
Economy, Transport and Environment	2.612	2.865	-0.253
Commissioning, Communities and Policy	1.936	1.515	0.421
Total	12.427	12.341	0.086

Commissioning, Communities and Policy will still be required to achieve its savings targets for 2018-19, but the use of earmarked reserves provides some flexibility to plan and achieve the target. Base budgets for all departments will need to be in balance by 1 April 2019.

(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 the 26 October 2017.

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 £30m-£40m 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 five and eight 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 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.

2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
42.777	39.658	34.858	32.358	30.858

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 close any gap.

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.

(j) Five Year Financial Plan (FYFP)

The Council's Five Year Financial Plan (FYFP) is reviewed and updated annually. It was updated in July 2017 as part the Revised Budget 2017-18 considered by Cabinet on 20 July 2017. The Plan has been updated and this serves to inform the annual budget setting process. A copy of the updated 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. However, following the General Election in 2017, it stated that it would move away from its previous intention and look to 'increased' Business Rates Retention. In the Provisional Local Government Settlement 2018-19 it confirmed that its aim is to increase the local share of business rate retention to 75% in 2020-21. The Plan 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 have a neutral impact on the Council;

- The existing allocations of the improved Better Care Fund continue to be paid beyond 2019-20;
- There continues to be a consistent rise in business rates growth in the county;
- Inflationary increases are managed within existing budgets;
- A pay award of 1% per annum is assumed from 2020-21 onwards;
- Investment income will increase over the next two years on the basis that the base rate of interest will increase;
- A Council Tax Freeze is planned for both 2020-21 and 2021-22.

(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 2018-19 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).

However, case law has clarified that there is no obligation on a local authority to carry out an equality impact analysis of the high level strategic budget setting process. 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

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

6 Other Considerations

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

7 Background Papers

Autumn Budget 2017 – HM Treasury.

Provisional Local Government Finance Settlement 2018-19 – Department for Communities and Local Government.

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 2017 and Provisional Local Government Finance Settlement as outlined in sections (b) and (c).
- (ii) Notes the Government's expectations about Council Tax levels for 2018-19 in section (d).
- (iii) Approves the precepts as outlined in 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 £314.135m which is calculated as follows:

	£
Budget Before Pressures and Budget Reductions	489,018,545
Plus Service Pressures – on-going	23,098,518
Plus Adult Social Care Precept	5,921,757
Plus Service Pressures - one-off	11,036,000
Less Budget Reductions	-12,427,000
Plus Shortfall on savings Target	421,000
Contribution to Contingency Budget	10,100,000
Reduction to Debt Charges	-18,500,000
Reduction to Risk Management Budget	-4,483,820
Increase in Interest Receipts	-1,000,000
Net Budget Requirement	503,185,000
Less Top-Up	-43,031,143
Less Business Rates	-94,173,096
Less New Homes Bonus	-2,057,945
Less General Grant	-27,826,939
Less PFI Grant	-10,503,833
Less Use of Earmarked Reserves	-11,457,000
Balance to be met from Council Tax	314,135,044

- (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 2018-19.

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 2018-19 £
Adult Care	226,739,924	0	226,739,924	1,803,023	228,542,947	6,692,618	5,921,757	-4,973,000	236,184,322	0	236,184,322
Children's Services	83,370,337	0	83,370,337	9,718	83,380,055	9,300,000	0	-2,906,000	89,774,055	8,932,000	98,706,055
Economy, Transport and Environment	72,575,857	0	72,575,857	5,094	72,580,951	6,576,000	0	-2,612,000	76,544,951	1,956,000	78,500,951
Commissioning, Communities and Policy	56,977,833	-257,000	56,720,833	25,729	56,746,562	529,900	0	-1,936,000	55,340,462	569,000	55,909,462
Service Totals	439,663,951	-257,000	439,406,951	1,843,564	441,250,515	23,098,518	5,921,757	-12,427,000	457,843,790	11,457,000	469,300,790
Plus Contingency	0	0	0	1,156,000	1,156,000	10,100,000	0	0	11,256,000	0	11,256,000
Plus External Debt Charges	45,826,051		45,826,051	0	45,826,051	-8,500,000	0	0	37,326,051	-10,000,000	27,326,051
Plus Risk Management Budget	4,785,979	0	4,785,979	0	4,785,979	-4,483,820		0	302,159	0	302,159
Less Interest Receipts	-4,000,000	0	-4,000,000	0	-4,000,000	-1,000,000	0	0	-5,000,000	0	-5,000,000
Net Budget Requirement	486,275,981	-257,000	486,018,981	2,999,564	489,018,545	19,214,698	5,921,757	-12,427,000	501,728,000	1,457,000	503,185,000
FUNDED BY:											
Council Tax	295,250,852	18,884,192	314,135,044	0	314,135,044	0	0	0	314,135,044	0	314,135,044
Top Up	88,603,853	-45,572,710	43,031,143	0	43,031,143	0	0	0	43,031,143	0	43,031,143
Business Rates	18,041,234	76,131,862	94,173,096	0	94,173,096	0	0	0	94,173,096	0	94,173,096
Revenue Support Grant	44,056,289	-44,056,289	0	0	0	0	0	0	0	0	0
New Homes Bonus	2,496,549	-438,604	2,057,945	0	2,057,945	0	0	0	2,057,945	0	2,057,945
General Grant	27,323,371	503,568	27,826,939	0	27,826,939	0	0	0	27,826,939	0	27,826,939
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	11,457,000	11,457,000
	486,275,981	5,452,019	491,728,000	0	491,728,000	0	0	0	491,728,000	11,457,000	503,185,000

Peter Handford
Director of Finance & ICTCounty Hall
Matlock
Derbyshire DE4 3AHTelephone (01629) 539239
Ask for: Paul Stone
Our ref: PS/SB
Date: 15 January 2018Roger Palmer
Department for Communities and Local Government
2nd floor, Fry Building
2 Marsham Street
London, SW1P 4DF

Dear Roger

Provisional Local Government Finance Settlement 2018-19

The Council welcomes the opportunity to respond to the Provisional Local Government Finance Settlement 2018-19, details of which were published on the 19 December 2017. The Council's response is set out below.

100% Business Rates Retention Pilot

Firstly, the Council is pleased to have been chosen as one of the ten pilot authorities for 100% Business Rates Retention in 2018-19 and is looking forward to working with colleagues across the county to bring improved outcomes for local services. In addition, it provides an opportunity to progress a number of infrastructure projects across the region that will help to unlock much needed housing and economic regeneration.

We will work with the Government in learning from the pilot over the coming months, in not only understanding the operation of the scheme, but to analyse and assess the benefits that the investment will bring to the residents and businesses of Derbyshire.

Children's Social Care

Turning now to the issue of Children's Social Care. Local authorities have urged the Government to provide additional funding to support increased numbers of looked after children and children in need. Derbyshire, like many other local authorities who provide social care has seen substantial cost increases as a result of increased numbers of children in care. The Council along with many other local authorities has expressed its concern regarding the rising costs of children's social care. The Council provided evidence of increased demand in Derbyshire in a letter to the Secretary of State last

year. Therefore, it is disappointing that the Government have not provided much needed funding to address this issue.

Fair Funding Review

The Council welcomes the consultation on the Fair Funding Review 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 a refresh to ensure that the costs of providing services, particularly in respect of social care, are accurately reflected in the distribution methodology.

Transition Grant

The Council is disappointed that the Government is not continuing with payments of the Transition Grant despite an acknowledgement that it will review negative Revenue Support Grant in the spring. Furthermore, given that the introduction of 100% Business Rates Retention has been postponed beyond 2019-20, it would have been sensible for the Transition Grant to be paid to local authorities pending its implementation.

Question 1: Do you agree with the methodology for allocating Revenue Support Grant in 2018-19?

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, previously the average reductions favoured both inner and outer London authorities.

The additional improved Better Care funding announced in 2017 is welcome to support the funding crisis in adult social care. However, there needs to be a focus on children's social care and the discord that exists in county councils taking a higher reduction than other groups of authorities is unacceptable.

Question 2: Do you agree with the Government's proposal to fund the New Homes Bonus in 2018-19 with £900 million from Revenue Support Grant and any additional funding being secured from departmental budgets?

The Council welcomes the Government decision not to make any additional change to the baseline and not to withhold part of the Bonus for authorities not planning effectively for new homes, following the technical consultation in 2017.

The Council cannot comment on the Government's decision to fund the Bonus from both Revenue Support Grant and departmental budgets as no details have been provided regarding the £46m from departmental budgets. Therefore, we would ask Government to provide further details.

Furthermore, we are disappointed that the £240m in savings from the New Homes Bonus identified in 2017-18 and used to support additional funding for adult social care is not being used in 2018-19 to support vital local government services such as children's social care.

Question 3: Do you agree with the Government's proposed approach of paying £65 million in 2018-19 to the upper quartile of local authorities based on the super-sparsity indicator?

The Council welcomes the decision to provide additional funding in recognition of the additional costs of delivering services in rural areas.

Question 4: Do you agree with the Government's proposal to hold back £35 million to fund the business rates safety net in 2018-19, on the basis of the methodology described in paragraph 2.6.2?

The Council does not agree with the proposal and reiterates the point made in previous consultations to Provisional Settlements. It is understood that the increase in safety net holdbacks is due to concerns over the impact of successful rates appeals in some authorities. The Council reiterates the point that it fails to see why local government should fund an issue that is created by a protracted process for appeals by a Government agency.

Question 5: What are your views on the council tax referendum principles proposed by the Government for 2018-19?

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 2018-19, the cost to the Council of demographic growth for Adult Social Care will be £13m, with similar figures expected each year for the foreseeable future.

Notwithstanding, the Council will await the outcomes of the Green Paper for Adult Social Care that will be published in summer 2018, 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 6: Do you agree with the methodology for calculating the revaluation adjustment to business rates tariff and top-up payments as outlined in paragraphs 3.5.1 to 3.5.6?

The Council agrees with the proposed approach.

Question 7: Do you have any comments on the impact of the 2018-19 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 increase in the referendum principle of 1% for general expenditure will provide additional income of approximately £3m. However, variable amounts of income can be generated in different parts of the country. For example, Surrey can raise approximately £6m from a 1% increase, whilst Cumbria can only raise approximately £2m.

Yours sincerely

Peter Handford
Director of Finance & ICT

Council Tax

Taxbase

	Equivalent Band D Properties 2017-18	Equivalent Band D Properties 2018-19	Change %
Amber Valley	38,249.52	39,172.68	2.41
Bolsover	21,040.47	21,473.52	2.06
Chesterfield	28,507.92	28,769.10	0.92
Derbyshire Dales	28,534.26	28,833.36	1.05
Erewash	32,703.00	32,815.50	0.34
High Peak	29,990.00	30,210.00	0.73
North East Derbyshire	30,182.78	30,656.59	1.57
South Derbyshire	31,647.00	32,467.00	2.59
	240,854.95	244,397.75	1.47

Collection Fund

	2017-18 £	2018-19 £
Amber Valley	941,231	909,741
Bolsover	137,854	0
Chesterfield	271,780	388,344
Derbyshire Dales	232,465	295,925
Erewash	652,796	431,477
High Peak	384,650	184,190
North East Derbyshire	427,477	655,304
South Derbyshire	368,000	367,000
	3,416,253	3,231,981

Council Tax Amounts

Band	2017-18 £	2018-19 £	Increase £	Number of Properties
A	807.77	848.08	40.31	132,176
B	942.40	989.43	47.03	79,312
C	1,077.03	1,130.77	53.74	58,595
D	1,211.66	1,272.12	60.46	38,723
E	1,480.92	1,554.81	73.89	23,192
F	1,750.18	1,837.51	87.33	11,609
G	2,019.43	2,120.20	100.77	6,776
H	2,423.32	2,544.24	120.92	517
				350,900

Precept Amounts

	Amount Collected £	Collect Fund Surplus £	Amount Actually Due £
Amber Valley	49,832,317	909,741	50,742,058
Bolsover	27,316,876	0	27,316,876
Chesterfield	36,597,724	388,344	36,986,068
Derbyshire Dales	36,679,470	295,925	36,975,395
Erewash	41,745,227	431,477	42,176,704
High Peak	38,430,720	184,190	38,614,910
North East Derbyshire	38,998,836	655,304	39,654,140
South Derbyshire	41,301,893	367,000	41,668,893
	310,903,063	3,231,981	314,135,044

Service Pressures

	On-going £m	One-off £m
Adult Care		
Demographics Increases in demographic growth, number of disabled adults and cases of early onset of dementia.	12.614	0.000
Children's Services		
New Organisation Models for Small Schools To work collaboratively with small schools to implement new ways of working as a result of changes to the National Funding Formula.	0.000	0.380
Demographics To support the increase in the numbers of looked after children, placements and children in need.	7.000	4.000
Social Work Remodeling To support a planned programme of service delivery for Safeguarding Services that improves social work caseload levels across the county.	1.300	4.000
Care Leavers To provide staffing to support better transition planning for care leavers.	0.000	0.402
Child Protection Staff To support the increase in numbers of children with a child protection plan.	0.000	0.150
Unaccompanied Asylum Seeking Children To support the potential rise in the Derbyshire looked after population as a result of the UASC transfer protocol.	1.000	0.000

Commissioning, Communities and Policy

Corporate Property Asset Valuations

To ensure that the Council is meeting its statutory duties in ensuring its asset base is correctly recorded and maintained.

0.280 0.066

Email and Internet Services

To support the roll-out of essential ICT services that will provide a platform to facilitate further workstreams of mobile working and collaboration.

0.250 0.000

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 0.082

Budget Savings Shortfall

To support the shortfall against the savings target, as agreed by Council on 8 February 2017.

0.000 0.421

Economy, Transport and Environment

Waste

To support a range of waste related activities including waste growth, increased tonnages and management costs associated with the new waste treatment facility at Sinfin.

2.476 0.634

Highways Maintenance

To provide a coordinated, cyclical maintenance programme and maintenance improvements.

Public Transport

To enable reasonable levels of public transport accessibility to be maintained across Derbyshire.

1.500 1.000

Street Lighting

To meet the inflationary increases of street-lighting energy.

2.600 0.000

**Planning Development Management and
Obligation Monitoring Systems**

Systems investment to support planning
applications.

0.000 0.148

HS2 Co-Ordination Officer

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

0.000 0.110

0.000 0.064

29.020 11.457

BUDGET SAVINGS PROPOSALS 2018-19

Adult Care – Total - £5,015,000

Consolidate block contracts - £200,000

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

Reduction in commissioning and performance staffing - £200,000

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

Learning disability services - £500,000

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.

Demand management - £3,000,000

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

Review in-house older people's day care - £200,000

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.

Use of iBCF to support Adult Care - £765,000

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

Children's Services – Total £2,946,000

Outdoor education – £180,000

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

Safeguarding aftercare – £150,000

Accommodation for young people leaving care will be purchased through block contracts rather than on a more expensive case-by-case basis which will reduce costs.

Safeguarding other – £122,000

The Service will reduce its use of project and flexible funds and make savings in the Preventing Family Breakdown Team.

Sports facilities provision – £23,000

Reduction in financial support to South Derbyshire District Council for shared use, outside school hours, of specific sports facilities which aimed to increase participation in sport for young people.

Special Educational Needs and Disabilities (SEND) – £389,000

This will be achieved by using Government Grants to fund services together with savings in the Education Psychology Service.

Support for inclusion - £153,000

This saving will be achieved by reductions in the support available to vulnerable groups.

Back office costs – £511,000

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 – £240,000

The service will examine alternative delivery and partnership options to reduce costs.

Adoption placements – £143,000

Moving to regional arrangements for adoption allowances to make savings

Catering – £210,000

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.

Early help – £300,000

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

Use of grant funding – £525,000

The service will be supported by funding agreed by the Schools Forum to be met from maintained schools' budgets and further contributions from the Music Partnership and Adult Education.

Commissioning, Communities and Policy Total - £1,515,000

Administration and employee savings - £420,000

The council will save this money by employing fewer people in HR, Finance & ICT, property, legal & democratic services, communications, policy, trading standards and health & community services. This will be achieved by not replacing people who leave and by carrying out restructuring to make the most of its reducing resources.

IT budget - £500,000

The council will reduce the amount it spends on new IT projects and systems and will spend less on maintaining its current IT systems.

Insurance reductions - £105,000

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

Reduction in property running costs and maintenance - £490,000

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

Balance of Savings - £421,000

The balance of savings will be met from Earmarked Reserves as agreed by Council on 8 February 2017 as part of the Revenue Budget Report 2017/18.

Economy, Transport and Environment – Total - £2,865,000

Street lighting - £755,000

This money will be saved by converting street lights to LED fittings which will save energy and maintenance costs. A total of £34m is being invested by the council in this three-year project. The council will also save £110,000 on street lighting on unadopted roads.

School crossing patrols - £300,000

The school crossing patrol service will be reviewed. The council will work with schools and communities to look for alternative sources of funding.

Winter maintenance - £500,000

The council will save money through reducing the cost of vehicles and other overheads. Existing gritting routes may be reviewed.

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.

Highway Agency agreements - £150,000

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

Parking management - £25,000

The council will save money by managing its residents' parking and on-street parking services in different ways.

Road safety - £400,000

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

Environmental studies and forest schools - £120,000

These services will become self-funding through increased income streams and reduced overheads.

Historic buildings grants - £40,000

Grants to preserve historic buildings will cease.

Markham Vale - £325,000

Funding commitments from the council will reduce as the project nears completion.

BUDGET SAVINGS PROPOSALS 2019-20

Adult Care – Total - £7,750,000

Continuation from 2018-19 Schemes:

Learning Disability services - £2,500,000

Review in-house older people's day care - £300,000

Use of iBCF to support Adult Care - £3,000,000

NEW SCHEMES:

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 authority 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.

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.

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

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.

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

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

Children's Services – Total - £4,118,000

Home to school transport – £250,000

The Council will reduce its net spend on home to school transport, including for children with special educational needs, through a review of transport policy and practice across the system, identifying the scope for further cost efficiencies and increasing the income generated from charges.

Outdoor education – £180,000

The council's outdoor education service will continue to reduce its net cost in line with measures outlined in 2018-19

Safeguarding aftercare – £150,000

Accommodation for young people leaving care will be purchased through block contracts rather than on a more expensive case-by-case basis which will reduce costs.

Special Educational Needs and Disabilities (SEND) – £114,000

Further savings will be made in the support available from the council's educational psychology service.

Back office costs – £382,000

Further reductions in spend on general business support and specialised back office functions, including staffing, in line with reductions in the council's frontline services.

Services for teenagers – £240,000

This represents the full-year impact of the savings in 2018-19 in the cost of supporting care leavers' employment and an examination of alternative delivery and partnership options.

Catering – £210,000

This the full-year effect of measures to 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.

Early help – £1,592,000

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

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

The council is to undertake a major review of the services all departments provide for children aged 0-5 and their families. The review will examine how these services could be redesigned and how partnership working could deliver clearer access routes to services to improve outcomes, reduce duplication and deliver efficiencies.

Commissioning, Communities and Policy -Total - £2,509,000

Administration and employee savings - £1,949,000

The council will save this money by employing fewer people in HR, Finance & ICT, property, legal & democratic services, trading standards and health &

community services. This will be achieved by not replacing people who leave, and by carrying out restructuring to make the most of its reducing resources.

IT budget - £100,000

The authority will reduce the amount it spends on new IT projects and systems and will spend less on maintaining its current IT systems.

Reduction in property running costs and maintenance - £250,000

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

Libraries - £210,000

We will develop a new commissioning strategy that will look to make best use of the library buildings we have and increase the use of self-serve technology. The strategy will be subject to consultation.

Balance of Savings – (£529,000)

The balance of savings will meet the departments shortfall from 2018-19 and contribute to future years savings targets.

Economy, Transport and Environment Total £4,522,000

Street lighting - £475,000

This money will be saved by converting street lights to LED fittings which will save energy and maintenance costs. A total of £34m is being invested by the council in this three-year project.

Countryside Service - £500,000

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

Parking management - £90,000

The council will save money by managing its civil parking enforcement services in different ways.

Waste - £3,400,000

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

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 - £3,950,000

Continuation from 2019-20 Schemes:

Electronic home care recording - £350,000

Reduction in finance staffing - £100,000

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

Reduce spend on learning disability services - £2,000,000

Children's Services – Total - £486,000

Home to school transport – £250,000

The Council will reduce its net spend on home to school transport, including for children with special educational needs, through a review of transport policy and practice across the system, identifying the scope for further cost efficiencies and increasing the income generated from charges.

Back office support – £ 236,000

The Council will reduce its spend on general business support & specialised back office functions, including staffing, in line with reductions in the council's front line services.

Commissioning, Communities and Policy Total £463,000

Administration and employee savings - £153,000

The council will save this money by employing fewer people in HR, Finance & ICT, property, legal & democratic services, trading standards and health & community services. This will be achieved by not replacing people who leave, and by carrying out restructuring to make the most of its reducing resources.

Libraries - £310,000

We will develop a new commissioning strategy that will look to make best use of the library buildings we have and increase the use of self-serve technology. The strategy will be subject to consultation.

Balance of Savings

The department will identify further savings to ensure that the 2020-21 target is met.

Economy, Transport and Environment Total £2,866,000

Staffing - £1,866,000

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

Highways - £1,000,000

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

FIVE YEAR FINANCIAL PLAN for 2018-19 to 2022-23

	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
FUNDING					
Business Rates and Government Grants					
Business Rates	94.173	18.770	19.145	19.528	19.919
Top-Up	43.031	94.707	97.548	100.475	103.489
Revenue Support Grant	0.000	13.517	0.000	0.000	0.000
Better Care Fund	14.566	25.900	25.900	25.900	25.900
additional improved Better Care Fund	10.340	5.126	0.000	0.000	0.000
New Homes Bonus	2.058	2.200	2.300	2.300	2.400
General Grant	2.921	3.000	3.000	3.000	3.000
PFI Grant	10.504	10.504	10.504	10.504	10.504
Sub Total	177.593	173.724	158.398	161.707	165.212
Council Tax	314.135	333.409	338.380	343.426	352.013
Use of Balances	11.457	10.162	5.364	3.000	3.000
TOTAL FUNDING	503.185	517.295	502.142	508.133	520.225
EXPENDITURE:					
Base Budget	486.276	491.728	507.133	496.778	505.133
Price Inflation	1.844	2.000	2.000	2.000	2.000
Living Wage	4.200	4.200	1.000	1.000	0.000
Pay Award	5.900	6.200	2.500	2.500	2.500
Contingency for Price Increases	1.156	0.000	0.000	0.000	0.000
Debt Charges	-8.500	0.000	0.000	-1.500	0.000
Interest Receipts	-1.000	-1.000	0.000	0.000	0.000
MRP adjustment	-10.000	2.000	1.000	7.000	0.000
On-going Service Pressures (see below)	28.763	17.300	-3.125	7.300	6.000
Risk Management Budget	-4.484	0.000	0.000	1.500	2.592
	504.155	522.428	510.508	516.578	518.225
One-off expenditure:					
Risk Management	0.000	0.000	0.000	0.000	0.000
One-off revenue support	11.457	10.162	5.364	2.000	2.000
Elections	0.000	0.000	0.000	1.000	0.000
	11.457	10.162	5.364	3.000	2.000
Budget cuts required	-12.427	-15.295	-13.730	-11.445	0.000
TOTAL EXPENDITURE	503.185	517.295	502.142	508.133	520.225
Ongoing base budget	491.728	507.133	496.778	505.133	518.225

Assumptions	2018-19	2019-20	2020-21	2021-22	2022-23
Price Inflation	1.80%	2.00%	2.00%	2.00%	2.00%
Pay Award	2.00%	2.00%	1.00%	1.00%	1.00%
Business Rates Growth	421.99%	-80.33%	2.00%	2.00%	2.00%
Top Up RPI	-51.43%	120.06%	3.00%	3.00%	3.00%
Council Tax Increase	4.99%	4.99%	0.00%	0.00%	1.00%
Taxbase Increase	1.47%	1.50%	1.50%	1.50%	1.50%
Taxbase	244,398	248,135	251,857	255,635	259,469
Collection Fund Position (£m)	3.232	2.000	2.000	2.000	2.000
Council Tax (£/Band D)	1,272.12	1,335.60	1,335.60	1,335.60	1,348.96
Ongoing Service Pressures					
Adult Care Demographics	12.614	12.500	-5.125	5.000	5.000
Highways Maintenance	1.500	0.000	0.000	0.000	0.000
Public Transport	2.600	0.500	-0.300	0.000	0.000
Pension Fund	0.000	0.000	1.000	0.000	0.000
Children's Services Demographics	7.000	3.000	0.000	1.000	1.000
Children's Social Care Remodelling	1.300	1.300	1.300	1.300	0.000
Unaccompanied Asylum Seeking Children	1.000	0.000	0.000	0.000	0.000
Valuers	0.280	0.000	0.000	0.000	0.000
Waste	2.476	0.000	0.000	0.000	0.000
Internet/Email	0.250	0.000	0.000	0.000	0.000
Innovation	-0.257	0.000	0.000	0.000	0.000
	28.763	17.300	-3.125	7.300	6.000
One-Off Pressures					
Highways Maintenance	1.000	1.000	0.000	0.000	0.000
Organisation models for small schools	0.380	0.000	0.000	0.000	0.000
Children's Social Care Recruitment	4.000	2.600	1.300	0.000	0.000
Children's Social Care Demographics	4.000	4.000	2.000	0.000	0.000
Care Leavers	0.402	0.402	0.000	0.000	0.000
Child Protection Staff	0.150	0.000	0.000	0.000	0.000
Valuers	0.066	0.000	0.000	0.000	0.000
Older People Support	0.082	0.048	0.000	0.000	0.000
Street Lighting	0.148	0.048	0.000	0.000	0.000
Planning	0.110	0.000	0.000	0.000	0.000
HS2 Co-Ordination Officer	0.064	0.064	0.064	0.000	0.000
Waste	0.634	2.000	2.000	2.000	2.000
CCP Savings Shortfall	0.421	0.000	0.000	0.000	0.000
	11.457	10.162	5.364	2.000	2.000