



Derby City Council

**COUNCIL**  
**4 March 2015**

Report of the Cabinet Member for Housing  
Finance and Welfare

**SUPPLEMENTARY**  
**BUDGET**  
**DOCUMENT**

## **General Fund Revenue Budget 2015/16**

### **SUMMARY**

- 1.1 This report sets out proposals resulting from the Coalition Government finance settlement to recommend to Council a net budget requirement of £221,791,594 in 2015/16.
- 1.2 The report also sets out budget proposals for 2016/17 and 2017/18 as part of the Council's Medium Term Financial Plan - MTFP.
- 1.3 The Council has outlined permanent cuts requirements of £69.0m over three years to address the impact of funding reductions, meet rising costs, maintain priority services and invest for the future. These cuts total £19.7m in 2015/16, £30.6m in 2016/17 and £18.7m in 2017/18.
- 1.4 Each section of the report deals with the various elements that require consideration before a final decision is reached. These key areas are:
  - the budget process leading up to these proposals (Section 4)
  - the resources available to the Council, including council tax and the local government finance settlement (Section 5)
  - the budget proposals for 2015/16, how they have changed since proposals were released for consultation and details of the key changes by Directorate (Section 6)
  - the budget forecasts for 2016/17 and 2017/18 (Section 7)
  - details of the impact assessments carried out on the Council's budget proposals (Section 8)
  - an explanation of the links between the budget proposals and the Council's corporate outcomes (Section 9)
  - the Council's reserves position (Section 10)
  - the communication and consultation process including feedback (Section 11)
  - the management of budget risks (Section 12).
- 1.5 A separate report providing details of the latest estimated outturn position for 2014/15 as at Quarter 2, and the treatment of variances, was presented to Cabinet on 19 November 2014. The 2014/15 budgets used in this report have been restated to reflect all movements of budgets between Directorates approved during 2014/15 to date and to reflect the changes in the Local Government finance arrangements to enable more meaningful comparison.

- 1.6 The 2015/16 budget shows a £3.5m (1.6%) increase over the 2014/15 budget, however this hides a number of significant movements:
- Revenue Support Grant has been cut by £17.2m
  - Specific Grants have increased by £8.7m but the majority come with new burdens increasing the pressure on the Council
  - The Council has already increased levels of Council Tax and Business Rates, including growth by £11m which positively affects the 2015/16 budget position
- 1.7 Further details of all grants anticipated to be received by the Council are provided in Appendix 3.
- 1.8 The funding for 2016/17 and 2017/18 is forecast to be worse than anticipated prior to the Autumn Statement. Measures to reduce the national deficit are forecast to be steeper in the remainder of this MTFP.
- 1.9 Included in the appendices is summarised budget information that, together with the text of the report, constitutes the full budget proposal.

## **RECOMMENDATIONS**

To recommend to Council the following ...

- 2.1 To approve a budget requirement for Derby City Council for 2015/16 of £221,791,594 subject to confirmation of the final Local Government Settlement expected in February 2015 and finalisation of the Council's Council Tax for 2015/16 which will be presented to Full Council in March 2015 for approval and with due regard to the outcome of the Equality Impact Assessment update which appears at Appendix 10.
- 2.2 To approve for 2015/16 the directorate revenue budget estimates and the net use of reserves of £2.068m (0.93% of the budget) in 2015/16 summarised in Appendix 4a of this report.
- 2.3 To approve the measures proposed to manage budget risks in 2015/16 and in future years, including the deliverability of identified cuts, levels of service and inflation forecasts as set out in Section 12.
- 2.4 To approve the commencement of appropriate procurement procedures to support the specific budget proposals listed in appendices 5 and 6.
- 2.5 To approve the immediate implementation of detailed cuts proposals for 2015/16 and 2016/17 subject to the completion and consideration, where relevant, of any further consultation exercises, equality impact assessments and assessments under Section 17 of the Crime and Disorder Act 1998.
- 2.6 To note the changes made to the budget cuts proposals as a result of feedback from the consultation process, detailed in paragraph 11.4.

2.7 To approve within this total of £221,791,594:

	£
Net service estimates of:	
Adults, Health and Housing	85,304,000
Chief Executives	2,165,000
Children and Young People	47,654,000
Neighbourhoods	46,654,000
Resources	21,611,000
Corporate Budgets	19,971,594
Corporate redundancy costs	500,000
	<b>223,859,594</b>
Appropriations to/from reserves (figures in brackets are appropriations from reserves):	
Service reserves	(1,475,000)
Corporate reserves	(593,000)
	<b>221,791,594</b>

2.8 To note the calculation of the Council's Tax Base for the year 2015/16 as 63,240.36 equivalent band D properties, approved by Cabinet on 21 January 2015, in accordance with the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003 (SI 2003/3012).

2.9 To note the calculation of the following amounts for the year 2015/16 in accordance with Sections 33 (1) of the Local Government Finance Act 1992, as revised under Schedule 5 of the Localism Act 2011, and for these figures to be taken forward and confirmed at Council in March 2015 as part of the Council Tax setting report.

- |                   |   |
|-------------------|---|
| a. £568,850,695   | being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e).   |
| b. (£347,059,101) | being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) and (c) of the Act.   |
| c. £221,791,594   | as its budget requirement for the year, being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council, in accordance with Section 32(4) of the Act.  |
| d. £146,596,909   | being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed non-domestic rates, business rates top-up grant, revenue support grant, and additional corporate government grants |
| e. £1,189.03      | as the basic amount of its Council Tax for the year,  |

being the amount at (c) above, less the amount at (d) above, all divided by the amount at 2.8 above, calculated by the Council, in accordance with Section 33 of the Act.

f. for the following Valuation Bands:

	£		£
A	792.69	E	1,453.26
B	924.80	F	1,717.49
C	1,056.92	G	1,981.72
D	1,189.03	H	2,378.06

as the amounts to be taken into account for the year, under Section 30(2)(a) of the Act, in respect of categories of dwellings listed in different valuation bands, being the amounts given by multiplying the amount at (e) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to all dwellings listed in each particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act.

- 2.10 To note that details of the precepts to the Council for Derbyshire Police Authority and Derbyshire Fire Authority, in accordance with Section 40 of the Local Government Finance Act 1992, will be presented to Council in March 2015.
- 2.11 To note that the Council Tax to be set for 2015/16 being the aggregate of the amount calculated by the Council at Appendix 2 and the precepts issued by the Council's major precepting authorities, in accordance with Section 30 of the Act, will be presented to Council in March 2015.
- 2.12 To note the revenue budget plans for 2016/17 and 2017/18 set out in section 7 of this report.
- 2.13 To note the feedback from the budget consultation detailed in appendices 7 to 9 and approve the Council Cabinet responses to consultation recommendations.
- 2.14 To note that the Council held a Schools Forum meeting on 3 February 2015, this will directly inform the draft 2015/16 Schools Budget. Details of Schools budget are included in a separate report on the agenda for this meeting.

## REASONS FOR RECOMMENDATIONS

- 3.1 The Council has a legal obligation to set a balanced budget for 2015/16, as prescribed in the Local Government Finance Act 1992 and associated Regulations.

- 3.2 The 2015/16 to 2017/18 budget proposals included within this report provides the resources framework for the delivery of Council priorities over the next three years.

<b>SUPPORTING INFORMATION</b>
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#### **4. The Budget Process**

- 4.1 The budget strategy approved by Council in October 2014 outlined a number of key principles which would be applied and explored during the budget development stage prior to consultation. These were:
- intending to raise council tax by up to 2% (or the relevant referendum threshold) in order to protect, as far as possible, services for the most vulnerable
  - reviewing at what level we provide statutory services
  - exploring all service delivery models
  - taking steps to manage demand, identify need and stop services as necessary
  - determining the broad capital strategy for the Council to support the delivery of core priorities
  - working with our partners to determine the appropriate customer pathways across partner organisations and establish financial savings across the public sector.
- 4.2 A series of Council Cabinet and Chief Officer Group meetings were held during the Summer and Autumn 2014 to challenge existing base budgets and scrutinise budget savings and pressures. These meetings were followed by more in depth Budget Challenge meetings led by the Leader of the Council.
- 4.3 The Council carried out a detailed consultation exercise between 03 December 2014 and 14 January 2015 with Councillors, key stakeholder groups, members of the public, Trade Unions and the business community. Further details of the consultation process and feedback are included in a separate report included on the agenda for this meeting.
- 4.4 There have been a number of key developments in the budget strategy since October 2014 including:
- Indicative pressures and savings outlined in the previous budget process have been fully reviewed. These proposals were previously consulted on as part of the prior year's budget process and therefore are not detailed again within this document.
  - Inflation factors have been reviewed and applied to relevant budget headings, which equate to approximately £8.7m over the three years.
  - Confirmation and amendment to the borrowing requirements to support the capital programme, providing key service and transformation programmes.

- An estimated reduction of up to 300 full time equivalents (FTEs) is required to deliver the savings in 2015/16.
- Reserves have been scrutinised to highlight any uncommitted balances. The remaining uncommitted balances at 31 March 2015 are estimated to be approximately £7.1m, which is required to maintain an appropriate level of general reserves relative to the Council's net budget requirement, and also to support any significant risks in future years.

4.5 After taking into account all of the above changes and adjustments since the Council's three year revenue budget strategy was agreed by Council in October 2014, this report shows a balanced revenue budget position for 2015/16 and an indicative position for 2016/17 and 2017/18. This is reliant on the delivery of permanent savings amounting to £19.7m by 2015/16 and a further £30.6m in 2016/17 and £18.7m in 2017/18.

4.6 Table 1 below summarises the final revisions that have been made to the 2015/16 to 2017/18 budget after receiving feedback from our consultation process:

**Table 1 Final changes to 2015/16 to 2017/18 budget since receiving feedback from our consultation process and financial settlement**

<b>Change (cumulative)</b>	<b>2015/16 £000's</b>	<b>2016/17 £000's</b>	<b>2017/18 £000's</b>
Budget Requirement at Consultation	219,827	207,930	202,208
Effect of previous years changes		3,993	(1,188)
Changes to inflation estimates	170	(1,000)	(1,000)
Change in proposals (Paragraph 11.5)	3,280	2,014	(3,502)
Savings deferred (Paragraph 11.4)	543	(543)	
Use of reserves to fund one off pressures, savings deferred and saving brought forward (Paragraph 10.1)	(2,028)		
Change in savings to find		(5,652)	3,844
<b>Revised Budget Requirement</b>	<b>221,792</b>	<b>206,742</b>	<b>200,362</b>
Funding Available at Consultation	219,827	207,930	202,208
Change to base funding assumptions	943	366	324
Change to specific grant assumption	50	782	2,112
Funding assessment reduction to 11.5% for future years		(1,757)	(3,322)
NNDR forecast adjustment due to reduced RPI		(1,082)	(1,466)
Change to estimated collection fund	471		
Change in Council Tax base	501	503	506
<b>Revised Funding Available</b>	<b>221,792</b>	<b>206,575</b>	<b>200,362</b>

## **5. Resources Available**

- 5.1 The Council's net revenue budget, which supports Directorate services, is funded from Government grants, Business Rates and Council Tax income (which is paid by residential householders in the City).
- 5.2 The 2015/16 budget is based on a starting position of the latest 2014/15 budget. Base budget adjustments, to reflect the full year effect of changes approved in the existing budget strategy, along with further pressures and savings have been identified to deliver a balanced budget.
- 5.3 From 1 April 2013, the Council now retains 49% of Business Rates collected, and receives both a Top-Up Grant and a Revenue Support Grant from Government. The Council's Top-Up Grant has been fixed for 7 years and is increased annually by RPI, but the Revenue Support Grant continues to be subject to significant reductions.
- 5.4 The latest financial settlement only includes figures for 2015/16. Funding for future years will be dependant on the outcome of the General election and the subsequent government spending review to take place in summer 2015. For budget planning purposes we have modelled future years on a continuing trajectory of reductions in line with the latest information provided by central government.
- 5.5 There are a number of funding changes included in this report as summarised below:
- The Revenue Support Grant provided by government is expected to reduce by £40.914m between 2014/15 and 2017/18, including reductions of £17.165m in 2015/16, £12.501m in 2016/17 and £11.248m in 2017/18.
  - We have assumed Council Tax increases of 1.99% in each year from 2015/16 to 2017/18, which equates to approximately £1.5m each year.
  - The Council Tax base estimates built into the budget add approximately a further £1.0m of funding in 2015/16 and £0.4m in each of the remaining two years. This is based on the forecast increase in the number of occupied domestic properties over the three years.
  - The New Homes Bonus Grant, which is based on the increase in domestic properties in Derby, is anticipated to continue. The funding we will receive from this grant in 2015/16 will be £3.941m with an estimated further £0.5m in 2016/17 and a reduction of £0.2m in 2017/18.



- 5.6 Table 2 shows the level of funding and changes between financial years from 2013/14 to 2016/17, along with Council Tax setting assumptions.

**Table 2 Resources Available 2014/15 to 2017/18**

		2014/15 (restated) £m		2015/16 £m	Change %	2016/17 £m	Change %	2017/18 £m	Change %
Revenue Support Grant	A	(62.095)		(44.930)	(27.6)	(32.429)	(27.7)	(21.181)	(34.8)
Business Rates Top Up Grant	B	(12.914)		(13.160)	1.9	(13.489)	2.5	(13.826)	2.5
Retained Business Rates	C	(40.951)		(42.929)	4.8	(44.003)	2.5	(45.104)	2.5
Other Specific Grants	D	(31.587)		(40.242)	27.4	(39.645)	(1.5)	(41.045)	3.5
Council Tax – Band D (£)		1,165.83		1,189.03	2.0	1,212.69	2.0	1,236.82	2.0
Gross Taxbase for Tax Setting		64,020		64,862	1.3	65,272	0.6	65,682	0.6
Collection Rate Assumed		97.50%		97.50%	0.0	97.50%	0.0	97.5%	0.0
Net Taxbase for Tax Setting		62,419		63,240	1.3	63,640	0.6	64,040	0.6
Council Tax Requirement	E	(72.770)		(75.195)	2.6	(77.176)	2.6	(79.206)	2.6
Collection Fund (Surplus) / Deficit	F	2.045		(5.336)	(260.9)	0.0	(100.0)	0.0	0.0
<b>Resources Available (A+B+C +D+E+F)</b>		<b>(218.272)</b>		<b>(221.792)</b>	<b>1.6</b>	<b>(206.742)</b>	<b>(6.8)</b>	<b>(200.362)</b>	<b>(3.1)</b>

- 5.7 Council Tax is calculated by reference to Band D, with Band A being 6/9(two thirds) of Band D, and Band H being 18/9 (double) of Band D. Band A is by far the most common Band in Derby. Police and Fire increases will be added once the Council has been notified of these values.
- 5.8 Paragraph 2.9(f) shows the planned Council Tax by band for Derby City Council services before the inclusion of increases relating to Derbyshire Police and Fire Authorities who calculate their own Council Taxes in addition to these. Derby City Council's statutory Council Tax calculation for 2015/16 is shown in Appendix 2.
- 5.9 The Council's calculated Council Tax, plus the Derbyshire Police and Fire Authority amounts, will be presented to the Council in March 2015 as part of the Council Tax setting report, in accordance with section 33 (1) of the Local Government Finance Act 1992.
- 6. Budget Proposals for 2015/16**
- 6.1 The summary 2015/16 budgets for each service directorate are set out in Appendix 4a to this report.
- 6.2 Table 3 below summarises the budget changes proposed to the 2014/15 base budget to arrive at the revenue budget for 2015/16.

**Table 3 Summary Revenue Budget Position for 2015/16 compared to 2014/15**

	<b>£'000s</b>	<b>% increase</b>
2014/15 Adjusted net Budget (before one-off use of reserves)	218,764	
Add Inflation	2,729	
Add Pressures	21,540	
Less Permanent Savings	(19,673)	
Plus Adjustments for temporary redundancy costs	500	
<b>2015/16 Net Budget</b>	<b>223,860</b>	<b>2.3% of 2014/15 net budget</b>
Less Use of Reserves	(2,068)	
<b>Proposed Budget Requirement 2015/16</b>	<b>221,792</b>	<b>1.4% of 2014/15 budget requirement</b>

- 6.3 Details of service budget strategies and key proposals for each Directorate are outlined below:

### **Adults, Health and Housing**

- 6.4 The Adults, Health and Housing - AHH - Directorate is a significant and complex service area for the Council, providing both statutory and non-statutory services. The Housing service covers strategic and operational housing functions, including Supporting People (housing-related support) services and Derby Advice. The Housing and Advice service offers a wide spectrum of services ranging from homelessness prevention to benefits advice. The Directorate also now hosts the Public Health function.
- 6.5 Adult Social Care - ASC - offers support services to vulnerable adults, as well as information and advice about social care to the general public and to people who fund their own support. Specifically, adult social care supports older people as the single largest group of individuals, and also adults of working age with physical, mental health and learning disability support needs. The overall aim of the adult social care service is to support and protect vulnerable individuals to maximise their well-being and independence to enhance their quality of life.
- 6.6 2015/16 will see the implementation of phase one of the Care Act 2014. This is the most significant piece of legislation in our sector since the establishment of the welfare state. It builds on a patchwork of legislation built up since the 1948 National Assistance Act. This consolidating legislation modernises multiple statutes covering the Council's duties for supporting the wellbeing and social care needs of the citizens of Derby. We are moving into a new era in our thinking on how to best meet wellbeing and social care needs of our citizens, underpinned by the new legislation.

The Care Act introduces new duties on Councils;

- to provide services to carers
  - places adult safeguarding boards on a statutory footing
  - preventing and delaying the need for support
  - provide a universal information and advice offer
  - oversee a diverse sustainable care market
  - provide advocates for people who may otherwise be disadvantaged
  - introduction of a national eligibility threshold.
- 6.7 Phase two of the Act will be implemented in 2016/17. The overwhelming focus of phase two is on the introduction of funding reforms. This will introduce a national charging system for delivery of all social care services, informed by the Dilnot Review.
- 6.8 Adult social care budgets are under severe pressure nationally and locally. The demand for services is increasing as a result of longer life expectancy for groups of vulnerable people. In particular, older people and adults of working age with learning disability are living longer. The Council will make a base budget adjustment of £4.75m in recognition of the recurrent nature of the pressures facing this area of services.

- 6.9 The strategy adopted aims to protect services for the most vulnerable people in our communities, through protecting statutory services and focussing reductions in discretionary areas of expenditure. The Directorate is also maximising the use of new technology and finding more efficient ways of working to deliver similar levels of service with less funding. However, in some areas of activity, the Council will have to do less.
- 6.10 The Directorate's savings will largely be delivered through the Directorate Transformation Programme and comprise of management savings, cost and efficiency measures, income generation, service prioritisation and service redesign. The areas affected cover the whole of the directorate and are not confined to any single service or function.

### **Chief Executive's Office**

- 6.11 The Chief Executive's Office delivers the core strategic services covering Policy, Research and Engagement, Performance and Improvement and Communication along with Economic Development and Regeneration. The Chief Executive's Office takes the lead role in coordinating and programme management of the transformation innovation programme.
- 6.12 Savings for 2015/16 will primarily be delivered through the fundamental restructuring of the Directorate, which will see strategic services staffing levels reduce by approximately one third and increased fee earning activities. This will result in significant reductions in the level of strategic services such as policy, research and engagement, performance and communications.

### **Children and Young People**

- 6.13 The Children and Young People's (CYP) Directorate is a significant and complex service area for the Council, providing mainly statutory services to children and their families. The services include covering the provision of education and learning in Derby schools sometimes outside of Derby where specialist provision is required, specialist support including special educational needs and disabled children, safeguarding of the most vulnerable and the associated regulatory duties.
- 6.14 The total gross budget for the Directorate in 2014/15 is in excess of £230 million, however a vast proportion of that is funded by specific ring fenced grants. The Dedicated Schools Grant – DSG – accounts for approximately £195 million and supports direct funding to schools. The national funding reforms on Schools Budgets require approval of Schools Forum for all uses of DSG funding. Details of the draft Schools budget for 2015/16 are included in a separate report on the agenda for this meeting.
- 6.15 Children's budgets are under severe pressure nationally and locally. The demand for services are increasing as a result of national safeguarding cases and increasing referral rates relating to high level need services for families. Increases in numbers of children with autism and complex learning needs have increased demands on specialist learning, care and health services. The creation of academies and the

associated reductions in funding also impacts on CYP services.

- 6.16 The Council is keen to protect services for the most vulnerable children and their families and takes its safeguarding and corporate parenting responsibilities very seriously (where children are placed in the care of the Council). The Council will make a base budget adjustment of £5.5m in recognition of the recurrent nature of the pressures being faced in the Directorate.
- 6.17 The CYP Directorate continues to maintain its commitment to improving educational attainment, safeguarding vulnerable children and young people, and narrowing the gap. In order to tackle the reduction in resources available, the proposals are based on the following principles:
- protection of statutory services for the most vulnerable
  - integration of services within the Council and with others to achieve economies of scale, management efficiencies and the release of expensive and under-used buildings
  - a continued focus on early intervention and prevention in order to support children and families earlier and to reduce the requirement for more expensive crisis or specialist services where possible
  - changing the way services are provided through a transformation programme, in order to improve effectiveness and efficiency
  - reviewing decision-making to promote independence.

## **Neighbourhoods**

- 6.18 The Neighbourhoods Directorate includes a wide range of diverse services that contribute to the quality of life for all residents within the city. The directorate has responsibility for strategic plans covering Planning, Transport, Highways, Health and Safety and Waste Management, but also provides direct services in Leisure, Arts, Culture, Libraries, Waste Collection, Street Cleansing, Grounds Maintenance, Highway Maintenance and Regulatory Services.
- 6.19 The budget available for 2015/16 has required the directorate to rethink historical approaches to service delivery in order to ensure that efficiency is maximised, bureaucracy is removed and frontline services are protected as far as possible. Increased emphasis has been placed on 'how' we deliver services as part of the budget process; however we have also had to look at reducing or stopping certain service provision.
- 6.20 The Neighbourhood budget as proposed will ensure that statutory services are delivered and by focusing savings on back office costs, efficiency and discretionary services we have ensured that services will continue to support the quality of life for all in Derby. Whilst there are impacts on some services these have been minimised by prioritising services, minimising bureaucracy, and reviewing how we provide services in order to give value for money.

## **Resources**

- 6.21 The Resources Directorate is largely made up of support services and corporate

core functions. In addition the Council's frontline revenue, benefits and customer services functions are managed by this Directorate.

- 6.22 It is important that whilst delivering the required savings, the Directorate ensures that the statutory, legal and core priority responsibilities are maintained. In addition, the Directorate is key to supporting the Council wide delivery of savings through the HR, Customer Services, ICT, Legal and Democratic Services and Finance and Procurement Departments.
- 6.23 In the medium term the Directorate will need to reconfigure to meet the demands it faces but within the level of resources it will have at its disposal. A number of alternative service delivery models are being explored.

### Corporate Budgets

- 6.24 Corporate budgets are a combination of cross directorate contingencies, treasury management and other key budgets.
- 6.25 Corporate savings consist of reduced borrowing costs, from changes to the capital programme and borrowing assumptions, and the removal of the corporate contingency budget.

## 7. 2016/17 and 2017/18 Budget Forecasts

- 7.1 The current plans for 2016/17 and 2017/18 include:
- an assumed 1.99% Council Tax increase in each year
  - savings requirement of £49.3m
  - inflation and service pressures, including new burdens totalling £24.5m
  - assumptions on government funding included in table 2
- 7.2 Table 4 gives a high level summary of the 2016/17 and 2017/18 budget positions. A summary revenue budget for 2016/17 and 2017/18 in a format consistent with the Council's formal resolution at directorate level is provided at Appendices 4b and 4c.

**Table 4 Summary of budget from 2016/17 to 2017/18**

	<b>2016/17 £m</b>	<b>2017/18 £m</b>
Opening Position	223.860	206.742
Inflation	3.000	3.000
Pressures	10.545	7.937
Savings requirement	(30.663)	(18.685)
<b>Proposed Net Budget</b>	<b>206.742</b>	<b>198.994</b>
Proposed transfer to reserves	0.000	1.368
<b>Budget Requirement</b>	<b>206.742</b>	<b>200.362</b>

<b>Anticipated Resources</b>	<b>(206.742)</b>	<b>(200.362)</b>

- 7.3 The 1.99% Council Tax forecasts for 2016/17 and 2017/18 could change and will be the subject of further decision making as part of future years' budget processes. The actual level of resources from Council Tax in 2016/17 and 2017/18 will depend on the level of tax set for each of these years.
- 7.4 Directorates and Cabinet Members should plan on the basis that the budget totals included here for 2016/17 and 2017/18 will be their working budget totals for those years with significant further savings to be allocated and, therefore, it is very important that the savings proposals within the budget totals are implemented at the earliest opportunity.

## **8. Budget Impact Assessments**

- 8.1 The Council has a duty to carry out an Equality Impact Assessment - EIA - to support the budget planning process, in order to understand whether the budget proposals will have an adverse impact on any particular group of people or could result in direct or indirect discrimination. This EIA follows the guidance drafted by the Equality and Human Rights Commission.
- 8.2 The Council has completed an initial budget EIA and subsequently undertook a detailed screening process of all pressures and savings proposals identified as part of the 2015/16 budget setting process. This screening focused on both financial and service factors to determine whether specific equality impact assessments required. For the financial assessment a significance level of 0.75% of total specific savings proposals was established and equates to £150,000. Any proposals which reached this threshold were considered to establish if an EIA was required from a financial perspective. Senior officers also reviewed all pressures and savings proposals, focusing on the qualitative relevance of an EIA for each proposal and identifying those where an EIA was required from a service perspective.
- 8.3 This screening process has allowed the Council to identify key pressures and savings for which an EIA is required. The level of potential risk associated with each proposal has also been considered and all high risk areas were considered to require a specific equalities impact assessment. Lower risk proposals have been considered at a Directorate-wide level. For those service areas requiring a significant review, EIAs for specific proposals are currently being developed as part of the project planning work in each case.
- 8.4 It is recognised that the impact of savings may affect certain groups disproportionately, given the scale of savings required and the level of existing budget supporting customers with a high level of need. However, the Council has considered the impact across all service areas and believes that the approach taken is fair in order to reach a balanced position. Several budget increases are proposed which mitigate some of the impact, and further options to find alternative provision to support service change have been considered.

- 8.5 As part of the EIA the Council invited a number of advisors from minority groups to challenge the process. This group carried out an overarching equalities impact assessment on the 2015/16 savings proposals. This exercise led to recommendations being raised by the group. Responses to the recommendations are included at Appendix 9 to this report.
- 8.6 The Council also has a legal obligation to carry out crime and disorder impact assessments on its budget proposals under Section 17 of the Crime and Disorder Act 1998. The Council has a legal duty to do all that it reasonably can to reduce crime and disorder in the local area and improve people's quality of life as a result. The purpose of the duty is to give a focus to how decisions on the planning and delivery of Council's core services can make a significant difference for the crime and disorder reduction agenda, including anti-social behaviour, substance misuse, and behaviour adversely affecting the environment.
- 8.7 The Council has undertaken a detailed review of all budget savings proposals to identify any which may have an impact under Section 17 of the Crime and Disorder Act 1998. The initial review has identified the areas where more detailed analysis will be required prior to implementation of the proposals. Actions to mitigate specific risks arising from the assessments will form part of the detailed implementation plans.

## **9. Delivery of Corporate Outcomes**

- 9.1 The Council's proposed priorities are that Derby will be a Safe, Strong and Ambitious City. The Council will develop the Derby Plan 2015 – 18 through our partnership arrangements, led by the leadership board. Over the next few months the Leadership board will develop a 3 year plan of activity as the initial steps toward the 15 year vision and 2030 goals.
- 9.2 Considerations of the Council's priorities are reflected in the budget proposals included in this document.

## **10. Use of Reserves**

- 10.1 The 2015/16 budget includes the planned use of £2.068m reserves. This includes £40,000 from Neighbourhood earmarked reserves, £1.295m for the Adults Service Earmarked Transformation Reserve to support the implementation of the Care Act responsibilities, £543,000 from the Leadership priority reserve and the budget risk reserve to defer savings identified in paragraph 11.4, and £200,000 from the budget risk reserve to support one-off implementation costs which allow planned savings to be brought forward from 2016/17.
- 10.2 The General Reserve of £7.143m has been maintained at around 2% of the budget requirement, including schools budgets (as at 31 March 2014). With increased risks and uncertainties with the budget it is prudent to continue with these same levels as previously maintained. A separate report assessing the robustness of estimates and



adequacy of reserves held by the Council is presented as a separate agenda item to this meeting.

## **11. Communication and Consultation**

- 11.1 The Council carries out consultation on its spending proposals on an on-going basis. The outcomes of many pieces of consultation have influenced what Cabinet Members and officers have put forward as proposals in this budget. Therefore, when the Council budget proposals are made public each year, maximum effort goes in to communicating the proposals. We also carry out a detailed consultation process with Councillors through the Council's Scrutiny Boards and the meetings with statutory bodies including the Trade Unions and business community.
- 11.2 This year's process included ...
- a. The Big Conversation and budget simulator. Details are included in a separate report as part of the agenda for this meeting
  - b. Special meeting of the Council's Overview and Scrutiny Boards. Appendix 7 summarises the recommendations of the Boards and the Cabinet's response to them
  - c. A meeting including representatives from Non-Domestic Ratepayers, Trade Unions; Disabled People's, Minority Communities, Gender and Sexuality Diversity, and Derby 50+ Forums; and to young people through 'Voices in Action' The minutes of these meetings are included in a separate report on the agenda for this meeting.
  - d. A media briefing about the budget proposals and the publishing of all relevant information on the Council's website.
- 11.3 A form was available on-line and as a hard copy for anyone wishing to give their feedback on the proposals. A summary of feedback of responses from the public is included in a separate report included on the agenda for this meeting. A proportion of responses disagree with the proposals, which is expected given the scale of the financial challenge we face. However, all points raised will be taken into consideration.
- 11.4 Following consultation Cabinet have agreed to a number of changes to the Council's budget proposals for 2015/16 to 2017/18. These changes defer savings for one year until 2016/17 whilst proposals are reviewed.
- £343,000 from the closure of Moorways swimming pool
  - £150,000 reduction in the B line travel subsidy saving in line with Derbyshire County scheme

In addition the following saving will be delayed

- £50,000 from the review of voluntary sector grants (£100,000 full year effect) approved by cabinet on 21 January 2015
- £150,000 regarding the 2015/16 indicative Museum Trust saving

These changes are reflected in the detailed breakdown of savings proposals presented at Appendix 6.

11.5 During the consultation period proposed savings and pressures have been confirmed arising in some adjustments which result in a positive or neutral movement:

- Net adjustments to savings and pressures (£5,000), made up of:
  - Reduced borrowing pressure (£378,000)
  - Welfare Support pressure added £212,000
  - New burdens pressures increased £187,000
  - Other net movements (£26,000)
- One off care act implementation costs funding from earmarked reserves £1,285,000
- Unconfirmed savings now achieved through confirmed technical funding measures and net savings and pressures movement £2,000,000

The details of the final pressures and savings are shown in appendices 5 and 6.

## **12. Management of Budget Risks**

- 12.1 The budget proposals in this report represent the Council's estimated revenue position for 2015/16 to 2017/18. The identified pressures will inevitably change as new factors give rise to different financial consequences in the course of time.
- 12.2 The forecast budget for 2016/17 and 2017/18 highlights the significant levels of savings required to balance the budget in the medium term.
- 12.3 The level of Government funding for 2016/17 and 2017/18 is uncertain pending further announcements from government. Future levels of government funding will be dependant on the results of the General Election and subsequent Spending review which will take place in the autumn of 2015. The budget is also modelled on a level of Council Tax increase from 2015/16 of 1.99% which could change, as the Council Tax charges are not being approved at this stage.
- 12.4 It is therefore very important that the Council takes a view on the risks detailed below and makes sure reserves are set aside to address these. In relation to general risks the amount attributed to services includes a best estimate of service inflation and pressures.
- 12.5 In previous years the Council has maintained unallocated contingency budgets to mitigate these budget risks. The removal of these contingency budgets is included within the budget saving proposals. To ensure the Council has an effective risk

budget approach the budget risk reserve will now include an increased allowance to meet budget uncertainties. The level of reserves will ensure that funds are available to meet in year pressures until permanent solutions can be identified in the subsequent budget process.

## Specific Risks

- 12.6 There are a number of specific risks associated with the planned budget. These are noted below.
- 12.7 **Staffing Savings** – The further reduction in staffing levels in 2015/16 will inevitably have an impact on service response which will need to be managed closely. To manage staff savings vacancy control will be considered in the first instance and voluntary redundancy wherever possible.
- 12.8 **Service Savings** – with a significant volume of savings required in 2015/16 there is a risk of slippage through unforeseen delays and the timing of savings delivery. Plans within Directorates need to be managed robustly in order to limit the requirement to call on reserves.
- 12.9 **Income** – the budget is supported by over £100m of external income and services therefore need to continually develop creative plans to ensure that this level of income is sustained.
- 12.10 **Council Tax** – collection rates in Derby are forecast at 97.5% although this will need to be continually monitored. The budget also includes a level of known and assumed growth in the Council Tax base for 2015/16, 2016/17 and 2017/18.
- 12.11 **Contingencies** – the Council will no longer hold unallocated contingencies which will remove the ability to permanently respond to emerging pressures.
- 12.12 **Pensions** – given the range of changes to the future workforce profile, market performance and potential changes to the scheme this remains as a key risk.
- 12.13 **Pay and Reward** – the Council is reviewing the Pay and Reward strategy. The level of funding set aside continues to be a risk until we have more certainty.
- 12.14 **Redundancy Payments** – forecast future redundancy payments are based on information gathered during the previous programme. We anticipate that we have set aside sufficient to finance the required one-off payments for 2015/16, however the actual impact is only known when specific details come forward.
- 12.15 **Reserves** – The balance of using and holding reserves is a risk regularly reviewed.
- 12.16 **Treasury Management** – the current financial climate impacts on our borrowing and investment strategies, which support the revenue budget and capital programmes. We continue to monitor these on a daily basis.
- 12.17 **Cross-Directorate Savings** – the extent to which savings are becoming

increasingly difficult to identify and deliver is a significant risk. Future savings will be heavily reliant upon a rationalisation of services which the Council continues to directly fund.

### **Further Opportunities and Risks**

12.18 There are a number of areas of finance yet to be announced which may affect the Council's MTFP for 2015/16 to 2017/18:

- Final Financial Settlement 2015/16: The Council received its provisional financial settlement for 2015/16 in December 2014. The final confirmed settlement is not expected to be received until February 2015. This final settlement may vary from the provisional figures provided, but these changes are not expected to be significant.
- The financial settlements for 2016/17 and 2017/18 will be dependant upon the government spending review due to be announced after the 2015 general election. The outcome of the election and spending review could have a significant impact on the Council's financial position.

### **13. Revenue Budget Position as at 18 February 2015**

13.1 The current budget proposals show a balanced revenue budget position for 2015/16. With a legal requirement to set a balanced budget for 2015/16 this position is reliant upon delivering permanent savings of £19.7m during 2015/16 and the Council will face significant challenges in ensuring that these targets are met.

<b>OTHER OPTIONS CONSIDERED</b>
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14.1 Not Applicable

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b>	Mark Nash Corporate Group Accountant 01332 643364  n/a
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<b>Service Director(s)</b> <b>Other(s)</b>	Martyn Marples (Director of Finance and Procurement and s151 Officer) n/a
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<b>For more information contact:</b>	
<b>Background papers:</b>	Budget consultation documents and strategy reports
<b>List of appendices:</b>	Appendix 1 – Implications Appendix 2 – Council tax statutory calculation 2015/16 Appendix 3 – Changes to Grant funding 2015/16 Appendix 4a – Revenue Budget Summary 2015/16 Appendix 4b – Revenue Budget Summary 2016/17 Appendix 4c – Revenue Budget Summary 2017/18 Appendix 5 – Schedule of Budget Pressures Appendix 6 – Schedule of Budget Savings Appendix 7 – Overview and Scrutiny Budget Consultation: Schedule of Recommendations Appendix 8 – Extract of the minutes of the statutory meeting with Corporate Joint Committee Appendix 9 – Feed back from Budget-wide Equality Impact Assessment Group Appendix 10 – Budget Equality Impact Assessment Update

## IMPLICATIONS

### Financial and Value for Money

- 1.1 As described in the report.

### Legal

- 2.1 The Council is obliged to set a balanced budget for 2015/16. It must calculate the Council Tax for the City Council's own budget requirement in accordance with the methodology detailed in Sections 33 (1) of the Local Government Finance Act 1992. The Council cannot delegate these responsibilities. The role of Cabinet is to advise the Council.
- 2.2 In setting its budget, the Council is obliged to take account of spending guidance issued by the Government, including the availability of reserve capping powers.
- 2.3 Pursuant to section 149 Equality Act 2010, the Council must , as part of exercising its functions, including decision making, have due regard to
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act,
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it

Section 4 Equality Act 2010 prescribes protected characteristics as:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation

All Members of the Council must, as part of their individual and collective decision making responsibilities, have full consideration of, and due regards to, the contents of the Equality Impact Assessment relating to the budget proposals contained within this Report.

## **Personnel**

- 3.1 Specific personnel proposals arising from the budget decisions made as a result of this report will be dealt with in accordance with normal personnel procedures and approval arrangements, including consultation with trade unions.

## **IT**

- 4.1 None directly arising.

## **Equalities Impact**

- 5.1 The Council's budget consultation has extended to the relevant groups that advise on equalities issues and a response to the most relevant issues arising during consultation meetings is given as part of this report.
- 5.2 A budget-wide Equality Impact Assessment has been carried out in conjunction with a panel of advisors from minority groups.
- 5.3 It is imperative to complete the Pay and Reward Review to ensure an equality proof job evaluation scheme.

## **Health and Safety**

- 6.1 A review of all budget savings proposals to identify any which may have an impact under section 17 of the Crime and Disorder Act 1998 has been carried out and specific detailed assessments will be included within the planning work for any relevant savings

## **Environmental Sustainability**

- 7.1 None directly arising

## **Property and Asset Management**

- 8.1 The revenue budget includes borrowing costs to support funding for the Council's Capital Programme. Individual savings proposals may also impact on the Council's asset management. These are explained more fully in appendices 5 and 6 and in the Capital Programme report also presented to this meeting.

## **Risk Management**

- 9.1 As described in Section 12 of the report.

## Corporate objectives and priorities for change

- 10.1 There is a close relationship between the budget and the Council's corporate outcomes. Further details are provided in section 9 of this report.

### Appendix 2

#### COUNCIL TAX STATUTORY CALCULATION 2015/16

<b>Derby City Council Budget Requirement 2015/16</b>	<b>R</b>	<b>£221,791,594</b>
Retained Business Rates		£42,929,558
Business Rates Top Up Grant		£13,160,066
Revenue Support Grant		£44,929,762
Collection Fund Deficit – NDR		£5,336,000
Other Specific Grants		£40,241,523
	<b>P</b>	<b>£146,596,909</b>
<b>Council Tax Requirement</b>	<b>C= R-P</b>	<b>£75,194,685</b>
Tax Base for Tax Setting (Band D)	<b>T</b>	63,240.36
<b>Basic Amount of Council Tax</b>	<b>C / T</b>	<b>£1,189.03</b>
Derby		
Band A – (Disabled)	5/9	660.57
Band A	6/9	792.69
Band B	7/9	924.80
Band C	8/9	1,056.92
Band D	9/9	1,189.03
Band E	11/9	1,453.26
Band F	13/9	1,717.49
Band G	15/9	1,981.72
Band H	18/9	2,378.06
<b>Council Tax 2014/15</b>		<b>£1,165.83</b>
<b>Unadjusted Increase Band D</b>		<b>£23.20</b>
<b>Unadjusted % Increase Band D</b>		<b>1.99%</b>



<b>CHANGES TO GRANT FUNDING 2015/16</b>
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	Final	<u>2015/16 STATEMENT</u>			
	2014/15	Final	2015/16	Difference	
	£m	£m	£m	%	
<b><u>REVENUE SUPPORT GRANT, TOP UP AND BUSINESS RATS</u></b>					
Revenue Support Grant	62.095	44.930			
Retained Business Rates	40.951	42.929			
Business Rates Top-Up Grant	12.913	13.160			
<b>REVENUE SUPPORT GRANT &amp; BUSINESS RATES</b>	<b>115.959</b>	<b>101.019</b>	<b>(14.940)</b>	<b>(12.9%)</b>	
<b><u>SPECIFIC GRANTS</u></b>					
- Public Health Grant	15.784	15.710			
- Education Services Grant	4.076	3.188			
- Housing and Council Tax Subsidy Admin Grant	1.712	1.570			
- Better Care Fund	5.264	11.105			
- Adult Social Care (one off)	0.000	1.285			
- New Homes Bonus	3.310	3.773			
- Redistribution of New Homes Bonus Top-Slice	0.172	0.168			
- Lead Local Flood Grant	0.051	0.034			
- Extended Rights to Free Travel	0.117	0.072			
- Social Fund Administration Grant	0.191	0.000			
- Local Reform and Community Voices Grant	0.207	0.155			
- Council Tax Support Grant	0.151	0.062			
- Community Rights Grants	0.017	0.000			
- SFA s31 grant business rates cap, SBRR, Retail Relief	0.535	2.266			
- Troubled Families	0.000	0.854			
<b>Total Specific Grants</b>	<b>31.587</b>	<b>40.242</b>			
<b>REVENUE SUPPORT GRANT, BUSINESS RATES &amp; SPECIFIC GRANTS</b>	<b>147.523</b>	<b>141.261</b>	<b>(6.262)</b>	<b>(4.2%)</b>	
<b><u>COUNCIL TAX</u></b>					
Council Tax Requirement	72.770	75.195			
Prior Year Collection Fund Surplus / (Deficit)	(2.045)	5.336			
<b>Council Tax</b>	<b>70.725</b>	<b>80.531</b>	<b>9.806</b>	<b>13.8%</b>	
<b>Total Resources</b>	<b>218.272</b>	<b>221.792</b>	<b>3.520</b>	<b>1.6%</b>	

# Appendix 4a

## Overall Summary By Directorate – Revenue Budget 2015/2016

SERVICE ACTIVITY	Restated Controllable 2014/15 Base Budget £000's	Budget Changes			Controllable 2015/16 Budget £000's
		Inflation £000's	Pressures £000's	Savings £000's	
Adults, Health and Housing	74,931	1,297	11,178	(2,102)	85,304
Chief Executive's Office	3,103	25	40	(1,003)	2,165
Children and Young People	41,112	637	6,718	(813)	47,654
Neighbourhoods	50,400	231	1,265	(5,242)	46,654
Resources	24,462	539	535	(3,925)	21,611
Corporate Budgets	24,756	0	1,804	(6,588)	19,972
<b>Net Budget</b>	<b>218,764</b>	<b>2,729</b>	<b>21,540</b>	<b>(19,673)</b>	<b>223,360</b>
Adjustments for temporary redundancy costs	1,000				500
<b>Total Net Budget</b>	<b>219,764</b>				<b>223,860</b>
<b>Less transfer with reserves:</b>					
From service reserves	(155)				(1,475)
From corporate reserves	(1,337)				(593)
<b>Net Budget Requirement</b>	<b>218,272</b>				<b>221,792</b>
<b>Funded By:</b>					
Retained Business Rates	(40,951)				(42,929)
Business Rates Top Up Grants	(12,913)				(13,160)
Revenue Support Grant	(62,095)				(44,930)
Prior Year Collection Fund (Surplus) or Deficit	2,045				(5,336)
Income raised from Council Tax	(72,770)				(75,195)
Specific Grants	(31,588)				(40,242)
<b>Total Resources</b>	<b>(218,272)</b>				<b>(221,792)</b>

## Appendix 4b

### Overall Summary By Directorate – Revenue Budget 2016/2017

SERVICE ACTIVITY	Controllable 2015/16 Base Budget £000's	Budget Changes			Controllable 2016/17 Budget £000's
		Inflation £000's	Pressures £000's	Savings £000's	
Adults, Health and Housing	85,304	1,406	2,563	(1,460)	87,813
Chief Executive's Office	2,165	32	0	(10)	2,187
Children and Young People	47,654	703	0	(250)	48,107
Neighbourhoods	46,654	218	0	(74)	46,798
Resources	21,611	641	150	(417)	21,985
Corporate Budgets	19,972	0	7,832	(2,869)	24,935
<b>Net Budget</b>	<b>223,360</b>	<b>3,000</b>	<b>10,545</b>	<b>(5,080)</b>	<b>231,825</b>
Adjustments for temporary redundancy costs	500				500
Savings through further rationalisation of services	0				(25,583)
<b>Total Net Budget</b>	<b>223,860</b>				<b>206,742</b>
<b>Less transfer with reserves:</b>					
From service reserves	(1,475)				0
From corporate reserves	(593)				0
<b>Net Budget Requirement</b>	<b>221,792</b>				<b>206,742</b>
<b>Funded By:</b>					
Retained Business Rates	(42,929)				(44,003)
Business Rates Top Up Grants	(13,160)				(13,489)
Revenue Support Grant	(44,930)				(32,429)
Prior Year Collection Fund (Surplus) or Deficit	(5,336)				0
Income raised from Council Tax	(75,195)				(77,176)
Specific Grants	(40,242)				(39,645)
<b>Total Resources</b>	<b>(221,792)</b>				<b>(206,742)</b>

## Appendix 4c

## Overall Summary By Directorate – Revenue Budget 2017/2018

SERVICE ACTIVITY	Controllable 2016/17 Base Budget £000's	Budget Changes			Controllable 2017/18 Budget £000's
		Inflation £000's	Pressures £000's	Savings £000's	
Adults, Health and Housing	87,813	1,407	5,209	0	94,429
Chief Executive's Office	2,187	32	0	(10)	2,209
Children and Young People	48,107	703	0	0	48,810
Neighbourhoods	46,798	218	0	(25)	46,991
Resources	21,985	640	0	0	22,625
Corporate Budgets	24,935	0	2,727	0	27,662
<b>Net Budget</b>	<b>231,825</b>	<b>3,000</b>	<b>7,936</b>	<b>(35)</b>	<b>242,726</b>
Adjustments for temporary redundancy costs	500				500
Savings through further rationalisation of services	(25,583)				(44,232)
<b>Total Net Budget</b>	<b>206,742</b>				<b>198,994</b>
<b>Less transfer with reserves:</b>					
From service reserves	0				0
From corporate reserves	0				1,368
<b>Net Budget Requirement</b>	<b>206,742</b>				<b>200,362</b>
<b>Funded By:</b>					
Retained Business Rates	(44,003)				(45,104)
Business Rates Top Up Grants	(13,489)				(13,826)
Revenue Support Grant	(32,429)				(21,181)
Prior Year Collection Fund (Surplus) or Deficit	0				0
Income raised from Council Tax	(77,176)				(79,206)
Specific Grants:	(39,645)				(41,045)
<b>Total Resources</b>	<b>(206,742)</b>				<b>(200,362)</b>

## Appendix 5

### Schedule of Budget Pressures

Directorate	Proposed Change	£000's			
		2015/16	2016/17	2017/18	Total
AHH	Directorate wide existing pressures	1,247	1,047	0	<b>2,249</b>
AHH	Directorate wide base budget shortfall	4,750	0	0	<b>4,750</b>
AHH	New burdens associated with the Better Care Fund	2,560	0	0	<b>2,560</b>
AHH	Forecast new burdens associated with the Care Bill	616	2,637	4,487	<b>7,740</b>
AHH	Children moving from Children and Young People to Adult services	0	129	0	<b>129</b>
AHH	Increase in Older People Residential care costs	0	0	627	<b>627</b>
AHH	Implementation of the Adult Social Care Act	1,285	(1,285)	0	<b>0</b>
AHH	Increase in Older People Homecare costs	68	35	95	<b>198</b>
AHH	Deprivation of Liberty (DOLS)	333	0	0	<b>333</b>
AHH	Additional staffing costs to support CQC inspection	319	0	0	<b>319</b>

Directorate	Proposed Change	£000's			
		2015/16	2016/17	2017/18	Total
Total Adults, Health and Housing Pressures		11,178	2,563	5,209	18,950
CEO	Unachievable income target at Kings Chamber	40	0	0	40
Total Chief Executive's Office Pressures		40	0	0	40
CYP	Directorate wide existing pressures	570	0	0	570
CYP	Directorate wide base budget shortfall	5,500	0	0	5,500
CYP	New and emerging communities demand	292	0	0	292
CYP	New legislative burdens associated with Fostering, Adoption, Children's Homes and Personal budgets	356	0	0	356
Total Children and Young People Pressures		6,718	0	0	6,718
NBH	Leisure Strategy running costs	462	0	0	462
NBH	Cost of maintaining a Derby Live programme	573	0	0	573
NBH	Increase in business rate costs of the Council House	230	0	0	230
Total Neighbourhoods Pressures		1,265	0	0	1,265
RES	Directorate wide existing pressures	(50)	150	0	100
RES	Legal Services unachievable savings from previous years	292	0	0	292
RES	Permanent welfare provision	212	0	0	212
RES	Information Governanceenhancements and unachievable broadband saving	81	0	0	81
Total Resources Pressures		535	150	0	685
CORP	Existing corporate pressures	1,804	3,071	0	4,875

Directorate	Proposed Change	£000's			
		2015/16	2016/17	2017/18	Total
CORP	Delayed and new capital borrowing	0	3,361	2,727	<b>6,088</b>
CORP	Increase in national insurance rate	0	1,400	0	<b>1,400</b>
<b>Total Corporate Pressures</b>		<b>1,804</b>	<b>7,832</b>	<b>2,727</b>	<b>12,363</b>
<b>TOTAL PRESSURES</b>		<b>21,540</b>	<b>10,545</b>	<b>7,936</b>	<b>40,021</b>

<b>Schedule of Budget Savings</b>
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Directorate	Proposed Change	2015/16 £000
AHH	Directorate wide existing savings	(932)
AHH	Savings from contract reviews	(40)
AHH	Non essential spend savings to be apportioned to directorates	(200)
AHH	Reduce Strategic Housing Management capacity	(22)
AHH	Additional income generation at Milestone House	(80)
AHH	Reduction in training budgets	(14)
AHH	Review voluntary sector grants	(50)
AHH	Reduce admissions to residential and nursing care through working in partnership with the CCG	(414)
AHH	Housing Related Support - savings from better procurement	(250)
AHH	Remodelling of the Strategic Commissioning model to deliver efficiencies	(100)
<b>Total Adults, Health and Housing Savings</b>		<b>(2,102)</b>
CEO	Directorate wide existing savings	(132)
CEO	Departmental restructure of Strategic Services to focus on providing support to statutory services and maintaining adequate governance arrangements, plus additional income generation activities for internal and external customers.	(512)
CEO	Departmental restructure of the Regeneration department and generation of additional income from capital projects and external works.	(359)
<b>Total Chief Executive's Office Savings</b>		<b>(1,003)</b>
CYP	Directorate wide existing savings	(52)
CYP	Savings from contracts review	(161)
CYP	Non essential spend savings to be apportioned to directorates	(300)



Directorate	Proposed Change	2015/16 £000
CYP	Demand management in Foster Care	(300)
<b>Total Children and Young People Savings</b>		<b>(813)</b>
NBH	Directorate wide existing savings	(980)
NBH	Savings from contract reviews	(120)
NBH	Non essential spend savings to be apportioned to directorates	(300)
NBH	Expanding the car parking provision at Markeaton Park	(50)
NBH	Carry out programme of removing planted areas and shrubberies to reduce maintenance costs	(30)
NBH	Explore option of windrowing garden waste	(60)
NBH	Bring security/cleaning of bus station in house	(50)
NBH	Reduction in Concessionary Fares base budget	(147)
NBH	Gradual reduction in miscellaneous grounds maintenance work	(45)
NBH	Review winter road salting, prioritising the most important routes for treatment out of hours, and only treating others in working hours.	(22)
NBH	End discretionary B line travel subsidy for young people	(20)
NBH	Draw down funding for project activities for 1 year	(150)
NBH	Explore transfer of athletics facilities to running club	(130)
NBH	Departmental Restructure	(274)
NBH	Deletion of vacant arboretum gardener	(22)
NBH	Increase in Car Park permit income	(36)
NBH	Deletion of a vacant Libraries Service support post, a vacant librarian post and one half of a libraries service support post	(34)
NBH	Reduction in the premises budget for the relocated Local Studies Library	(81)
NBH	Efficiencies in Libraries Service support budgets	(9)
NBH	Staffing reductions in the pest control service.	(23)
NBH	Ending the environmental response service, including the out-of-hours response	(133)

Directorate	Proposed Change	2015/16 £000
NBH	Reduce the revenue funding to Derby Museums Trust	(164)
NBH	Removal of surplus budget for public conveniences following the closure of facilities at the Spot and the Assembly Rooms	(139)
NBH	Reducing street and footway sweeping, and cleansing	(193)
NBH	Reduce structural maintenance work to highways bridges and retaining walls by 50%	(35)
NBH	Increase in design fees	(25)
NBH	Reduce maintenance to properties bought for highway schemes	(15)
NBH	Reduce staff in engineering design section to reduce overheads and improve competitiveness with external consultants.	(96)
NBH	Reduce maintenance of highway drainage and watercourses.	(139)
NBH	Remove emergency budget used to employ tree contractors after storm damage.	(44)
NBH	Sale of arboriculture services externally to generate income	(50)
NBH	Stop all proactive repairs on roads and footways	(350)
NBH	Reduction in Highways Asset Management staff	(114)
NBH	Reduce gritting and snow clearance and remove small works budgets.	(22)
NBH	Reduce Technical and Admin Support	(65)
NBH	Reduce the trade waste service by one crew	(80)
NBH	Reduction in fuel budget	(50)
NBH	Introduce a charging scheme for the collection of domestic fridges/freezers at £10 each	(15)
NBH	Reduce the depot budget and efficiencies within vehicle maintenance to allow current staffing levels to carry out additional rechargeable works, reduce budgets in Fleet Hire and Vehicle Maintenance.	(107)
NBH	Remove the Contracts Manager post and non staff budgets in Waste Disposal	(48)
NBH	Reduction in concessionary fares obligation.	(90)
NBH	Changes to parking service including; offer discounted parking to Council staff. End enhanced cleaning and security provision at city centre multi-storey car parks. Actively pursue enforcement of unauthorised car parks	(200)

Directorate	Proposed Change	2015/16 £000
NBH	Changes to transport service including; revisions to bus service 111 (Park & Ride), Reduce staffing levels in the Passenger Transport Procurement and Public Transport Teams, and merge Fleet Management Services.	(205)
NBH	Changes to Traffic and Transportation Service including; change to the management of school crossing patrols and for some crossing locations to be managed by schools/community groups. Reduce the Traffic and Transportation Area Teams from 4 to 3, and reduce or remove minor expenditure budgets. Refocus Cyclederby activities 2016/17. Increase charges for highway adoption agreements, increase enforcement of the Traffic Management Act Permit scheme.	(281)
<b>Total Neighbourhoods Savings</b>		<b>(5,242)</b>
RES	Directorate wide existing savings	(421)
RES	Savings from contract reviews	(200)
RES	Non essential spend savings to be apportioned to directorates	(200)
RES	Procurement saving from telephony contract	(50)
RES	ICT/ISS – Cross directorate savings	(32)
RES	Staffing reductions in Legal & Democratic Services	(188)
RES	Staffing reductions in Customer Management and changes to processes	(195)
RES	Staffing reductions in Accounts Payable	(60)
RES	Staffing reductions in Council Tax and Housing Benefits	(191)
RES	Staffing reductions in Finance and Procurement	(230)
RES	Staffing reductions in ICT	(334)
RES	Reduction in external audit fees and insurance premiums	(240)
RES	Reduction in ICT support contracts	(50)
RES	ICT hardware and software maintenance savings	(302)
RES	Cease courier deliveries to Members and subsidy of committee teas	(22)
RES	Introduction of legal fees charge on lease agreements	(44)

Directorate	Proposed Change	2015/16 £000
RES	Increase local land charges fees	(56)
RES	Efficiencies in the alternative payments contract and Merchant Services	(98)
RES	Reduction in support resource for all senior Council Officers	(145)
RES	Reduction in general admin support and budgets across Business Support	(210)
RES	Reduction in admin and casework support to social care and locality services	(307)
RES	Existing efficiencies in support services	(200)
RES	Reductions in the Resources project team	(150)
<b>Total Resources Savings</b>		<b>(3,925)</b>
CORP	Reduced borrowing from changes to the capital programme and borrowing assumptions	(3,938)
CORP	Management restructure	(600)
CORP	Reduction in Contingency Budgets	(2,050)
<b>Total Corporate Savings</b>		<b>(6,588)</b>
<b>TOTAL SAVINGS</b>		<b>(19,673)</b>

## Appendix 7

### Overview and Scrutiny Budget Consultation: Schedule of Recommendations

Recommendation	Reason	Response from Cabinet
That the Shared Lives Scheme be extended to include young people leaving care	The Council successfully operates a Shared Lives Scheme for people with learning disabilities. Members felt that this principle could be extended to support young people leaving care and be of benefit to individuals who are struggling to remain in their under-occupied homes	Cabinet will ask officers in Adults and Children services to explore the feasibility of extending the Shared Lives scheme to care leavers

That all opportunities to enable the co- location of children centres with schools be explored, where appropriate	Members were informed that an offer had not been taken up from a school to help manage a Childrens' Centre and continue to provide much needed services. As a result the Childrens' Centre was closed for most days of the week and only provided a much reduced service. Members felt that the Cabinet should investigate the opportunities to co-locate childrens' services with schools and share resources where appropriate	Cabinet will ensure that all opportunities for sharing and co-locating services are explored.
To explore how incentives and bonus schemes for the successful recruitment of in-house foster carers can be extended, to encourage more individuals to recruit carers through their networks	The costs of placing children with external foster carers are significantly higher than placing them with in- house foster carers. These account for 45% of the cost of the budget. Members suggested Cabinet should consider all options to help increase the number of in-house foster carers by offering incentives and bonuses to individuals, including to council employees, which lead to successful recruitment of foster carers	Cabinet have already begun a programme to increase the number of in-house foster carers. All options to deliver this will be explored.
That the B-line card continue to be supported, to provide discounted travel for young people and that this be funded through a revision of the funding model for the 'Make more Music for Derby' scheme	To preserve a valuable benefit to the young people of Derby, whilst identifying a cost neutral way of doing so	Cabinet have looked at ways to continue the B line service. Make more Music for Derby is already a priority commitment of the Council.
To work with local communities, to expand the use of the 'adopt a street' scheme, to enable and	It was important that local communities be made aware of sites that are under threat of removal by the posting of simple notices and that Neighbourhood Boards be encouraged to	Cabinet is committed to work with communities to enable resident's participation in their areas. This forms part of the Council Big Conversation as we move forward together.

encourage Neighbourhood Boards, local groups and local businesses to manage and maintain or sponsor shrubberies and planted areas that can no longer be maintained by the Council	explore all opportunities to continue to fund existing planting schemes, before they are removed	
That 'safer access' be a requirement in the design of new schools as school crossing patrols budgets come under pressure	This measure has the twin benefits of making journeys to school safer and reducing pressure on school crossing patrol budgets	The Council recognise the importance of this requirement and confirm it has been working in line with this principal and will continue to do so for all future school developments.
To review the use of lighting in council car parks at night	Council car parks are well lit at night to help maintain safety and security. However there are a number of car parks that have few or no vehicles parked overnight. The recommendation would entail switching off lights in car parks which have little or no demand for overnight parking	The Council have already implemented cost saving efficient lighting in a number of car parks. The Council will continue to explore new technologies for further efficiencies whilst ensuring customer safety is not compromised.
To explore partnership arrangements with a private sector provider of pest control services to continue to offer a service to vulnerable customers	Members were informed that costs of provision are cheaper in the private sector, yet the council is often the first port of call for customers. An agreement with a partner provider could keep the price to the customer low by exploiting the trusted brand of the council	Alternative provision across a number of services is being explored by Cabinet.

<p><b>EXTRACT FROM MINUTES OF STATUTORY MEETINGS - CORPORATE JOINT COMMITTEE</b></p>
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## CORPORATE JOINT COMMITTEE

22 December 2014

### Present:

#### Employer's Representatives

Adam Wilkinson	Chief Executive
Janie Berry	Director of Legal & Democratic Services and Interim Director of HR
Martyn Marples	Director of Finance
Liz Moore	Strategic HR Business Partner
Gordon Stirling	Director of Strategic Services and Transformation (part)
Jas Bhupal	HR Advisor
Zoe Bird	HR Operations Manager

#### Trade Union Representatives

John McCallum	UNITE
Denise Tinley	GMB
Nirmal Pheasant	UNITE
Paul Berrisford	UNISON
Nicole Berrisford	UNISON
Nathan Rennocks	UNITE
Julie Warner	UNISON
Sue Arguile	NUT

**The Constitutional Services Officer advised that as the meeting was not quorate therefore no actions could be agreed, items could be noted only.**

### 04/14 Revenue Budget Proposals

The Director of Finance updated the group on the revenue budget proposals previously circulated. Budget Consultation started on 3 December 2014 and will close on 14 January 2015.

The Council will respond to the consultation feedback. The Director of Finance confirmed that there had been an update since the previous weeks Trade Union Budget Consultation meeting. The Local Government Financial Settlement has now been received and this is broadly in line with what the Council had forecast. A discussion took place about Derby's spending power and the Director of Finance advised that in real terms Derby has had a 15.5% reduction in funding

and this was above the average for England which is 13.7%. It was noted that weekly meetings are taking place with the Trade Unions to formally consult on the budget.

**Resolved to note**



**FEEDBACK FROM BUDGET-WIDE EQUALITY IMPACT ASSESSMENT GROUP  
21 JANUARY 2015**

The Council held a meeting on 21 January 2015 with a number of advisors from minority groups to challenge the process and carry out an overarching equalities impact assessment on the 2015/16 budget as a whole. A number of recommendations were raised by the group.

Recommendation	Cabinet Response
1) The additional specific Equality Impact Assessments – EIAs – on individual savings proposals identified by the group should be completed before proposals are implemented.	The Council is committed to completing EIAs for all relevant savings proposals to ensure that any decisions made comply with anti-discrimination legislation. The Council also seeks to demonstrate its on-going commitment to recognising and celebrating diversity and equality.
2) Members of the Group have requested that they are given an opportunity to be involved in the completion of Equality Impact Assessments being undertaken as part of the implementation of individual budget saving proposals.	Diversity Forums will be given an opportunity to be involved in these assessments. Where individual have requested to be involved in specific assessments the Council will make every effort to enable this to take place.
3) The group has requested that additional information is provided for the following saving proposal in order to determine if a specific EIA is required:  a. NHB: Changes to parking services in particular reduction in security provision	Further details have been provided.
4) The group requested that EIA meetings with common themes could be consolidated to saving repetition and multiple meeting.	The Council appreciates the time and effort members from the group give to inform EIA completion and will make every effort to enable this to take place.



# **Equality impact assessment form**

Council Wide

Budget Equality Impact Assessment - Update

Date of assessment: 9 February 2015

Signed off by: Martyn Marples

## **The form**

We use the term 'policy' as shorthand on this form for the full range of policies, practices, plans, reviews, activities and procedures.

Policies will usually fall into three main categories...

- Organisational policies and functions, such as recruitment, complaints procedures, re-structures
- Key decisions such as allocating funding to voluntary organisations, budget setting
- Policies that set criteria or guidelines for others to use, such as criteria about school admissions, procurement methods, disabled facilities grants, on street parking bays

If in doubt - do one! You never know when we may get a legal challenge and someone applies for Judicial Review.

### **What's the name of the policy you are assessing?**

**Budget Consultation 2015 - 2018**

### **The assessment team**

Team leader's name and job title – Mark Nash, Group Accountant  
Corporate

Other team members: Assessment will be compiled from feedback from Public Consultation, Scrutiny Group and Equality Group

## **Step 1 – setting the scene**

Make sure you have clear aims and objectives on what you are impact assessing – this way you keep to the purpose of the assessment and are less likely to get side tracked.

- 1 What are the main aims, objectives and purpose of the policy? How does it fit in with the wider aims of the Council and wider Derby Plan? Include here any links to the Council Plan, Derby Plan or your Directorate Service Plan.**

**The Council has a statutory responsibility to prepare a balanced budget for 2015/16. The continued reductions in government funding will inevitably lead to the Council having to reduce spending on the services it delivers.**

**This Budget Report outlines the Council proposals for achieving a balanced budget for 2015/16. The consultation period has given insight into the full impact of proposals and the affected groups have been identified.**

**The Council Plan has now been updated and is going to February Cabinet and March Council.**

- 2 Who delivers/will deliver the policy, including any consultation on it and any outside organisations who deliver under procurement arrangements?**

**This consultation was led by Martyn Marples, Director of Finance and Procurement.**

**Budget proposals have already been consulted on with Chief Officers and Council Cabinet.**

**Further consultation has been undertaken with the public, through scrutiny meetings, with business rate payers and with representatives from the equality groups.**

**Further detailed consultation will be undertaken on specific savings as required.**

**3 Who are the main customers, users, partners, employees or groups affected by this proposal?**

**Potentially all/any residents in the city and staff employed by the council.**

**If further detailed consultation is required on specific savings main customers, users, partners, employees or groups will be specifically identified.**

**Step 2 – collecting information and assessing impact**

**4 Who have you consulted and engaged with so far about this policy, and what did they tell you? Who else do you plan to consult with? – tell us here how you did this consultation and how you made it accessible for the equality groups, such as accessible locations, interpreters and translations, accessible documents.**

**Budget proposals have been consulted on with Chief Officers and also the elected members of Council Cabinet .The Public, members of scrutiny groups, business rate payers and representatives from equality groups have also been consulted.**

**Further consultation will be undertaken with the public, members of scrutiny groups, with business rate payers and with representatives from the equality groups for any specific detailed further consultation.**

- 5 Using the skills and knowledge in your assessment team, and from any consultation you have done, what do you already know about the equality impact of the policy on particular groups? Also, use any other information you know about such as any customer feedback, surveys, national research or data. Indicate by a tick for each equality group whether this is a negative impact, a positive one or if you are not sure**

<b>Equality groups</b>	<b>What do you already know?</b>	<b>No impact</b>	<b>Positive impact</b>	<b>Negative impact</b>	<b>Not sure</b>
<b>Age</b>				<b>X</b>	
<b>Disability</b>				<b>X</b>	
<b>Gender reassignment - trans</b>					<b>X</b>
<b>Marriage and civil partnership</b>	<b>Some customers may experience delays in giving notices of marriage and other related ceremonies by virtue of a reduction in staffing levels</b>				<b>X</b>

<b>Pregnancy and maternity</b>	<b>Some customers may experience delays in registration of births and other related ceremonies by virtue of a reduction in staffing levels</b>				<b>X</b>
<b>Race</b>					<b>X</b>
<b>Religion or belief or none</b>					<b>X</b>
<b>Sex</b>					<b>X</b>
<b>Sexual Orientation</b>					<b>X</b>
<b>Families and people on low income</b>				<b>X</b>	

- 6 From the information you have collected, how are you going to lesson any negative impact on any of the equality groups? How are you going to fill any gaps in information you have discovered?**

**The Council has prioritised protecting the vulnerable members of the community during the budget setting process. However there will inevitably be an effect on some groups which will become clearer during further detailed consultation on specific savings.**

### Step 3 – deciding on the outcome

**7 What outcome does this assessment suggest you take? – You might find more than one applies. Please also tell us why you have come to this decision?**

<b>Outcome 1</b>		<b>No major change needed</b> – the EIA hasn't identified any potential for discrimination or negative impact and all opportunities to advance equality have been taken
<b>Outcome 2</b>		<b>Adjust the policy</b> to remove barriers identified by the EIA or better advance equality. Are you satisfied that the proposed adjustments will remove the barriers you identified?
<b>Outcome 3</b>	x	<b>Continue the policy</b> despite potential for negative impact or missed opportunities to advance equality identified. You will need to make sure the EIA clearly sets out the justifications for continuing with it. You need to consider whether there are: <ul style="list-style-type: none"><li>• sufficient plans to stop or minimise the negative impact</li><li>• mitigating actions for any remaining negative impacts</li><li>• plans to monitor the actual impact.</li></ul>
<b>Outcome 4</b>		<b>Stop and rethink</b> the policy when the EIA shows actual or potential unlawful discrimination

Our Assessment team has agreed Outcome number(s)

**Due to the size and scope of the budget reductions proposed it is highly likely that there will be some negative impact. The results of the consultation and further specific EAs will be reviewed to assess the effectiveness of mitigating actions before the savings are met.**

Why did you come to this decision?



**At this stage there is insufficient feedback to warrant not continuing with current consultation / proposals, apart from in some cases timing issues that will be supported by reserves.**

#### **Step 4 – equality action plan – setting targets and monitoring**

- 8 Fill in the table (on the next page) with the equality actions you have come up with during the assessment. Indicate how you plan to monitor the equality impact of the proposals, once they have been implemented.**

## Equality action plan – setting targets and monitoring

What are we going to do to advance equality?	How are we going to do it?	When will we do it?	What difference will this make?	Lead officer	Monitoring arrangements
Services to vulnerable younger and older residents as far as possible will be protected	Budgets for Adults Health & Housing and Children & Young Persons Directorates will increase despite sever reductions being made across the council	1 <sup>st</sup> April 2015 following confirmation of the budget proposals by Full Council.	Preserve services delivered to vulnerable groups	Chief Officer Group	This will form part of the existing budget monitoring and reporting arrangements

**Make sure you include these actions in your Directorate service business plans.**