

## **Medium Term Financial Plan (MTFP) 2023/24 – 2025/26**

### **(Revenue Budget, Capital Budget, Dedicated Schools Grant, Reserves and Capital Strategy)**

#### **Purpose**

- 1.1 This report outlines the Council's budget proposals for the period 2023/24 to 2025/26 to recommend to Council.
- 1.1.1 The budget includes estimates of future demand and economic pressures as the Council plans for the City during the Cost-of-Living crisis whilst shaping the financial framework for future service delivery. The setting of the budget has been particularly challenging due to increased demand in the Council's statutory services and increased inflationary costs. The national and local context of the Medium-Term Financial Plan - MTFP is set out in the Medium-Term Financial Plan update and consultation report approved by Council Cabinet on the 21 December 2022.
- [Budget Consultation Report](#)
- 1.1.2 The 2023/24 position has become considerably more challenging, not only due to the continuing trend of costs and demands outstripping national and local funding increases for local government, but this is exacerbated by abnormally high inflation and the impact of the associated cost of living crisis on demands for services. The Chancellor's Autumn Statement announced resources that partially improved the position but still left a significant increase in the projected budget gap before savings, review of pressures and other mitigations. The combined effect is a balanced position in 2023/24 and a budget shortfall of £17.155m to 2025/26.
- 1.1.3 The MTFP for 2023/24 to 2025/26 is being managed within extremely challenging circumstances. It has been necessary to plan for unprecedented reductions in the Council's spend in a short period of time due to these emerging challenges.
- 1.1.4 The key objectives of the report are:
- To ensure that the Council is financially resilient, stable, and sustainable in the short term and to highlight medium term challenges to financial sustainability
  - To ensure that effective financial planning contributes to the delivery of the Council Plan
- 1.1.5 The MTFP sets out the Council's approach to the prudent management of our finances against a reducing reliance on central government funding and increased reliance of local funding sources from council tax and business rates.

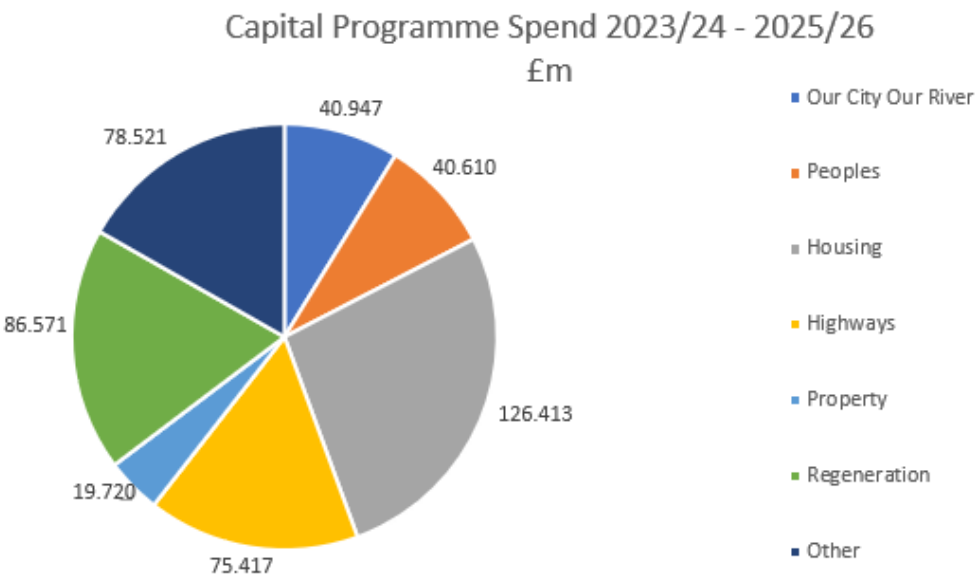
1.2 **Revenue budget:**

This report outlines proposals to recommend to Cabinet a net budget requirement of £284.106m for 2023/24 and outlines further indicative budget proposals for 2024/25 and 2025/26.

- 1.2.1 It includes a total savings requirement of (£19.929m), these savings total (£16.196m) in 2023/24 and a further (£3.561m) in 2024/25 and (£0.212m) in 2025/26 to address the impact of demand pressures, rising inflationary costs, maintaining priority services, and investing in the Derby Council Plan.
- 1.2.2 The identified budget gaps in 2024/25 and 2025/26 will require further savings, income, and transformation proposals to address. The budget gaps include planned contributions to reserves to maintain the financial resilience and sustainability of the Council outlined in detail in section 7.

1.3 **Capital budget:**

The report sets out the 2023/24 to 2025/26 capital programme to recommend to Council. The main headings of the £468.2m programme (including HRA) over the next three years are and are outlined in detail at Appendix 13:



- 1.3.1 The programme includes slippage from the 2022/23 approved Capital Programme. This has been reported in the Qtr.3 Revenue Monitoring included on this agenda. The capital programme outlines assumptions made on future year's government allocations which are still to be confirmed.
- 1.3.2 The report contains a Capital Strategy that gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability as detailed in Appendix 17.

1.4 **Reserves:**

The report details an assessment of the adequacy of reserves which are required as part of the budget process. These demonstrate that the Council is able to set a balanced budget for

2023/24 and to plan its finances on a sustainable basis although this is not without some risk.

- 1.4.1 Prior to Cabinet recommending to Council the Budget Requirement to set the Council Tax it is required to consider the Section 25 report from the Section 151 officer (attached at Appendix 7). This details the adequacy of reserves and robustness of the estimates for the period 2023/24 to 2025/26.

## 1.5 **Dedicated Schools Grant:**

The Dedicated Schools Grant (DSG) for Derby is split into four blocks: Schools Block, Early Years Block, High Needs Block, and a Central School Services Block.

- 1.5.1 The 2023/24 allocation for the DSG is £307.857m and is made up of four blocks of funding:
- Schools Block £228.227m (includes £1.4m NNDR)
  - Central School Services Block £2.654m
  - High Needs Block £56.628m (includes additional funding announced Dec 2022)
  - Early Years Block £20.348m
- 1.5.2 In addition to the DSG funding above, mainstream schools will receive an additional grant for 2023 to 2024 – titled - **The Mainstream Schools Additional Grant (MSAG)**.
- The indicative allocation for Derby is £8m. School-level allocations of this grant will be published in May 2023. Maintained schools and academies will receive this funding from April 2023.
- 1.5.3 The government has agreed to the extension of the DSG statutory override for a core of period of 3 years (up to March 2026), affording the short-term financial flexibility needed for authorities as they implement sustainable change, underpinned, and reinforced by the government's longer-term reforms.

## **Recommendations**

- 2.1 To note:
- (a) The outcomes of the Budget Consultation detailed in Appendix 9, including Notes from the 'Voices in Action' and 'Children in Care' meetings at Appendix 11 and notes from the Meetings including representatives from Business Ratepayers at Appendix 10.
  - (b) The outcomes of the Executive Scrutiny Board of the 16 January detailed in Appendix 12 and associated recommendations
  - (c) The Section 25 Report of the Section 151 officer on the robustness of estimates and on the adequacy of the reserves 2023/24 to 2025/26 detailed in Appendix 7
- 2.2 Subject to the above to recommend to Council to approve:
- 2.3 **Revenue Budget**
- a) The Council's net budget requirement for 2023/24 of £284.106m subject to the finalisation of the Council's Council Tax for 2023/24

- b) To increase the City Council element of Council Tax by 4.99% as set out in in section 4.6
- c) The current list of savings options outlined in Appendix 4 with an associated estimated reduction in posts by 140.11 full time equivalent - fte in 2023/ 24 as outlined in section 4.5
- d) The estimated service pressures outlined in Appendix 5
- e) The directorates revenue budget plans for 2023/24 to 2025/26 estimates as detailed in Appendix 2
- f) The implementation of savings proposals included in Appendix 4
- g) The commencement of appropriate procedures to support the specific budget proposals listed in Appendix 4.

## 2.4 **Reserves**

- a) The transfer to reserves of £1.061m on a non-recurrent basis to smooth the timing differences for the collection fund as outlined in section 4.3
- b) The use of Treasury Management Reserve to the smooth the timing differences within the capital programme as outlined in section 4.3.
- c) Use of the Cost of Change Reserve to fund one off redundancy and pension costs as outlined in section 7.1.4.
- d) The Section 25 reserves adequacy report as detailed in Appendix 7 of this report.

## 2.5 **Capital**

- a) The capital programme for 2023/24 and note the indicative capital programme for 2024/25 and 2025/26 as set out in section 5. A summary and detail is outlined in Appendix 13
- b) The additional borrowing outlined in section 5.1.15, 5.3.5, 5.3.7.
- c) The Summary of Unsupported Borrowing as set out in Appendix 14
- d) The MRP policy detailed in Appendix 15
- e) The prudential indicators detailed in Appendix 16
- f) The Capital Strategy attached at Appendix 17.

## 2.6 **Dedicated Schools Grant**

- a) The allocations of the Dedicated Schools Grant as detailed in section 6
- b) To increase the Minimum Funding Level per pupil - primary £4,405 per pupil and secondary £5,715 per pupil.
- c) To set the base rate element of the Early Years Funding for 2-year-olds at £5.68 per hour and 3/4-year-olds base rate of £4.70 an increase of 3.52% per hour. The Stand-Alone Maintained Nursery Supplementary rate of £2.05 has increased to reflect the mainstreaming of the Teachers pay and pension into the EYFF (Universal Hours).
- d) The application of the following formula criteria for 2023/24:
  - I. To implement a cap on growth above 3.4% per pupil with no factor being scaled back.
  - II. To set a Minimum Funding Guarantee of 0.5%
- e) The transfer of £0.055m from the Schools Block to the High Needs Block
- f) To approve the value of Growth Fund of £0.178m to be retained centrally.

### **To delegate:**

- a) Approval to the Section 151 officer to make necessary adjustments in order to retain a balanced budget for 2023/24
- b) Approval to the Section 151 officer in consultation with the Cabinet Member for Finance Assets and Digital to permit movement of schemes (detailed within the 3-year capital approved programme) within and between financial years to facilitate delivery and agility in Capital Programme delivery subject to affordability. Any changes will be subsequently reported in the quarterly financial monitoring reports to Cabinet

## 2.7 To approve the proposed changes to the Council Plan

### **Reasons**

- 3.1 The Council is required to set a balanced budget for 2023/24 by 11 March. This report proposes a balanced budget for the financial year 2023/24.
- 3.2 The Council, under the Prudential Code, established by the Local Government Act 2003, must demonstrate the affordability of our revenue budget for the next financial year and two subsequent years, including considering our plans for capital expenditure.
- 3.3 The 2023/24 to 2025/26 MTFP budget proposals included within this report provides the resources framework for the delivery of Council priorities.
- 3.4 In order to support the decision-making process a review of the existing capital programme has been carried out to ensure that the funds available can be targeted appropriately to meet the Council's priorities.

### **Supporting Information**

## **4. The Revenue Budget**

### **4.1 Key areas of the section are outlined below:**

The budget process overview with a link to the 21 December 2022 Cabinet report which outlines:

#### [Budget Consultation Report](#)

- I.
  - The budget process in full
  - The risks and influences affecting the Medium-Term Financial Plan
  - The local government financial picture
  - MTFP modelling assumptions
- II. The proposed MTFP with changes outlined and Final proposed Directorate savings and pressures
- III. The Impact on the workforce – FTE numbers
- IV. Proposed Council tax levels
- V. Capital budget and strategy
- VI. Dedicated Schools Grant
- VII. Reserves

## **4.2 The Budget Process**

4.2.1 The budget process is an ongoing process which engages officers, members, and the public on a cyclical basis to continuously update the medium-term position of the Council once new information becomes available. This includes funding projections and any emerging pressures and savings. This year's process has faced challenges due to macro-economic conditions, the continuing effects of the global Covid pandemic, the Cost-of-Living crisis and its inflationary impacts and continued Social Care demand pressures.

4.2.2 Preparing saving proposals of this magnitude has been extremely challenging. The Council remains ambitious for the City but has had to propose significant reductions to its expenditure in order to be sustainable in 2023/24 in these challenging times. The Medium-Term Financial Strategy outlining the financial planning for the process adopted by Derby can be found here:

#### [Medium Term Financial Strategy](#)

4.2.3 The Medium-Term Financial Strategy was approved by Cabinet on 7 December 2022. On the 21 December 2022, Cabinet approved proposals to set a balanced budget for 2023/24. There are changes to the initial proposals as a result of updated information outlined in section 4.3.3.

4.2.4 A consultation exercise on the budget proposals was carried out between 22 December 2022 and 26 January 2023 with Councillors, key stakeholder groups, members of the public, Trade Unions, and the business community.

- 4.2.5 The budget approach for this MTFP was focused around the following key challenge
- ‘How can we plan for services with only 90% of the budget we have now’**
- 4.2.6 When considering savings of this magnitude the budget needed to be reframed around the following principles:
- Financial Resilience and Sustainability of the council must remain front and centre
  - Financial Management and Mitigations of Pressures need to be a key focus
  - This is not about incremental scaling of budget – instead, it has looked across the Council against the above context
  - Focus needs to change to new Affordability Envelopes and what outcomes can we deliver with and for the city within this envelope
  - We must all be accountable in respect of Resource Management – both planned and reactive
- 4.2.7 The approach was built upon established foundations:
- Strengthened collaborative working with a focus on strength-based approaches embedded in assets and relationships
  - Moving to outcomes-based approach as a Council rather than in silos
  - Established transformation activities aligned to our priorities
  - Established risk appetite statements
- 4.2.8 On the 21 December 2022 Cabinet were updated on the MTFP and specifically modelling assumptions and risks in section 4.4 – a link to the report can be found below:
- [Budget Consultation Report](#)
- 4.2.9 It is important than in making decisions regarding the Councils finances for the next 3-years, that we reflect on changes that may be required to the commitments set out within the Council Plan 2022-2025. Presented in Appendix 18 is a summary of proposed amendments to our ‘must do’s’ that will be reflected within the 2023/24 Council Delivery Plan. As the plan remains dynamic, any further changes required will be requested as part of quarterly performance monitoring arrangements.

### **4.3 MTFP Update and outline of changes**

- 4.3.1 The table below shows our forecasted MTFP position for 2023/24 to 2025/26 included within this report compared to that presented to Cabinet on 21 December 2022:

<b>Proposed MTFP</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>
Net Budget Requirement	284.106	306.781	320.022
Total Resources Available (funding)*	(284.106)	(298.265)	(302.867)
<b>Budget Gap</b>	<b>-</b>	<b>8.516</b>	<b>17.155</b>

Compared to the position presented to Cabinet on 21 December 2022:

<b>21st December Cabinet Report</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>
Net Budget Requirement	281.893	305.798	318.959
Total Resources Available (funding)*	(281.893)	(296.488)	(301.090)
<b>Budget Gap</b>	<b>-</b>	<b>9.310</b>	<b>17.869</b>

\*Changes in funding outlined in 2023/24 includes reduction in collection fund deficit (£1.052m) including minor funding changes post December settlement announcement.

- 4.3.2 The MTFP has been refreshed and updated following receipt of the provisional local government finance settlement in late December and a review of pressures and saving taking into account feedback in the budget consultation. for a number of additional budget proposals since December. A list of all proposed changes is outlined in the table below:
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## 4.3.3

Table: Changes to Budget Requirement

Changes to budget requirement post 21st December Cabinet Report	2023/24 £m	2024/25 £m	2025/26 £m
<b>Pressures:</b>			
Libraries Additional funding for CML transition	0.117	0.075	0.075
Christmas Offer – create a recurrent budget	0.200	0.150	0.150
Supporting Capacity in Locality Working	0.217	0.108	0.108
Coronation and Other Events (one-off)	0.021	-	-
Supported Exempt Accommodation	0.279	0.279	0.279
Waste disposal programme management	-	0.100	0.200
<b>Savings</b>			
Partial Reversal of Foster Care saving	0.034	0.034	0.034
Partial Reversal of Exiting Care team saving	0.100	0.100	0.100
Partial Reversal of Museums Saving	0.040	0.020	-
Full Reversal of Blue/Brown bin charge saving	0.044	0.044	0.044
Full Reversal of Street Cleansing Saving one off	0.027	-	-
Full Reversal of Weed Control Saving	0.033	0.033	0.033
Partial Reversal of Microsoft Licence saving	0.040	0.040	0.040
<b>Reserves:</b>			
Collection Fund Smoothing Reserve	1.061	-	-
<b>Total Changes</b>	<b>2.213</b>	<b>0.983</b>	<b>1.063</b>
<b>Changes to Funding</b>			
Reduction in Collection Fund deficit	(1.052)		
Other net changes to funding	(1.161)	(1.777)	(1.776)
<b>Net Funding Changes</b>	<b>(2.213)</b>	<b>(1.777)</b>	<b>(1.776)</b>
<b>Net Change:</b>	<b>-</b>	<b>(0.794)</b>	<b>(0.713)</b>

The final Local Government Finance Settlement was published on the 6<sup>th</sup> February 2023 and will be debated in Parliament on the 8<sup>th</sup> February (after issue of this report). The final settlement provided an additional £0.092m through Service Grant. This will be transferred into a contingency budget on issuing the Budget on the 1<sup>st</sup> April 2023 and has not been incorporated into this report due to the late announcement from the Department for Levelling Up, Housing and Communities - DLUH.

4.3.4 The budget consultation process began on 22<sup>nd</sup> December 2022 and the following changes to the budget are proposed.

- Community Managed Libraries. An additional investment of £0.117m in 2023/24 reducing to £0.075m permanently thereafter to ensure that funding is available to support the operation of the libraries as they transition to community groups.
- Foster Care Allowances, an increase of £0.034m to provide an inflationary increase of 2.3%.
- Derby's Christmas Offer. The establishment of a £0.200m budget in 2023/24 reducing to £0.150m permanently thereafter.
- Children's Social Care, the reversal of a proposed saving of £0.100m which will ensure that the Exit from Care Team continues.
- Museums, an additional £0.06m over the next two years 2023/24 and 2024/25 which reverses some of the proposed savings to the Museum Trust, the initial savings proposals of a £0.06m reduction in the grant to the Trust will be reduced by £0.02m each year over the next three years, the saving therefore in 2023/24 will be a reduction of £0.02m rather than the proposed £0.06m.
- A reversal of the proposed savings to review the charging policy recycling containers, £0.044m.

Street Cleansing, the reversal of part of the proposed saving of £0.061m. A change in the profile of changes to locality working, reinstating part of the proposed saving in the interim funded as a one-off (£0.109m) and building back into the budget £0.108m of budget which will form part of the new locality model funding of which £0.108m is permanent.

- Civic Events, an investment of £0.021m to support civic celebrations in the City.
- Microsoft Licenses, a reduction in the proposed saving by £0.04m resulting from a lower headcount reduction than originally forecast.

An additional investment of £0.089m has been made to respite services in Adult Social Care, the funding of which has been secured from existing uncommitted budgets, the investment recognises the importance of respite services to those who care for close friends and family members.

- 4.3.5 Cabinet is proposing £19.929m total savings, this is £2.950m of savings in addition to £16.979m previously approved by Council in February 2022 and £59.628m of pressures over the MTFP period (these include those previously approved by Council in February 2022). This summarised in the table below:

<b>Savings and Pressures</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>Total £m</b>
<b>Savings/Income Generation</b>				
MTFP Feb 2022 Council	(2.493)	(1.015)	-	(3.508)
Current MTFP	(16.196)	(3.561)	(0.212)	(19.969)
<b>Difference</b>	<b>(13.703)</b>	<b>(2.546)</b>	<b>(0.212)</b>	<b>(16.461)</b>
<b>Pressures</b>				
MTFP Feb 2022 Council	6.944	7.154	-	14.098
Current MTFP	33.151	16.552	9.925	59.628
<b>Difference</b>	<b>26.207</b>	<b>9.398</b>	<b>9.925</b>	<b>45.530</b>

- 4.3.6 Details of savings and pressures with associated narrative can be found in Appendix 4 and 5, respectively.
- 4.3.7 The MTFP incorporates Government funding announced in the December spending announcement.
- 4.3.8 The recommended budget includes a transfer of reserves of £1.061m in 2023/24. This is to smooth the timing differences for the collection fund. There is also use of the Treasury Management reserve of £0.670m to smooth the changes and timings of the capital programme and associated need to borrow.
- 4.3.9 There are residual budget gaps in Year 2 of £8.516m rising to £17.155m in Year 3 of the MTFP. The budget gaps include planned contributions to reserves outlined in section 7.

#### **4.4 MTFP Forecast 2023/24 to 2025/26**

- 4.4.1 The MTFP is summarised in the table below with a detailed breakdown at Appendix 1. The Budget Gaps assume a contribution to reserves of £5.640m in 2024/25 and a further £4.639m in 2025/26. These planned contributions are to improve the financial resilience and sustainability of the Council.

## 4.4.2

MTFP	2023/24 £m	2024/25 £m	2025/26 £m
<b>Resources Available (Funding)</b>			
Core Government Funding	25.122	24.669	24.669
Business Rates Tax Base Reduction/Growth	60.916	65.823	65.823
Council Tax Base/Uplift Increases	117.688	124.901	129.502
Better Care Fund	27.087	27.448	27.448
Other Grants	26.823	17.439	17.439
Public Health	20.156	20.756	20.756
Collection Fund Deficit/(Surplus)	(0.489)	-	-
<b>Total Resources Available (Funding)</b>	284.106	298.265	302.866
<b>Net Opening Budget:</b>	<b>262.417</b>	<b>281.687</b>	<b>299.133</b>
<b>Pressures:</b>			
Inflationary Pressures	4.344	6.463	6.557
Existing Pressures as part of 2022/23 to 2024/25 MTFP (Council, February 2022)	4.381	2.898	-
Proposed New Pressures	28.770	13.654	9.925
<b>Total Pressures</b>	37.494	23.015	16.482
Existing Savings as part of 2022/23 to 2024/25 MTFP (Council, February 2022)	(2.517)	(0.815)	-
Change to Existing Saving	-	-	-
Proposed New Savings	(13.679)	(2.746)	(0.212)
<b>Total Savings</b>	(16.196)	(3.561)	(0.212)
<b>Net Budget Requirement before reserves movement</b>	283.715	301.141	315.383
Transfer to General Fund and Budget Risk Reserves		2.640	2.639
Transfer to Budget Risk Reserve		2.000	1.000
Transfer to Earmarked Reserves		1.000	1.000
Transfer to Collection Fund Smoothing Reserve	1.061		
Use of Treasury Management Reserve	(0.670)		
<b>Net Budget Requirement</b>	<b>284.106</b>	<b>306.781</b>	<b>320.022</b>
<b>Current Budget Gap/(Surplus)</b>	<b>-</b>	<b>8.516</b>	<b>17.155</b>

## 4.5 Impact on Workforce

The proposals contained in this report will potentially reduce the workforce by an estimated 140.11 fte posts if implemented, this is a revised estimate compared to the figure reported in the 21 December Cabinet report due further clarification of initial estimates.

4.5.1 The Council seek to minimise compulsory redundancies where possible. The existing voluntary redundancy (VR) scheme was promoted during the development of the savings proposals and 78.91 fte may leave the Council on these grounds or through CR with an estimated 61.20 fte through vacant posts. The exit costs associated with the exits will be funded from the Cost of Change Reserve, as outlined in section 7.1.4.

4.5.2 The table below summarises the proposed workforce reductions in 2023/24:

Directorate	Proposals	Proposed VR's or CR's	Proposed Vacant Posts
	FTE	FTE	FTE
Peoples	27.80	11.18	16.62
Communities and Place	41.90	25.00	16.90
Corporate Resources	62.05	37.73	24.32
Corporate	10.36	6.00	4.36
<b>Total</b>	<b>140.11</b>	<b>78.91</b>	<b>61.20</b>

4.5.3 These post reductions will be managed through the deletion of vacancies where appropriate. Any potential redundancies will be carried out in line with the Council's consultation, restructuring and redundancy policy.

## 4.6 Proposed Council Tax Levels

4.6.1 This report includes proposals to increase Council Tax for 2023/24 by the maximum 4.99% utilising the 2.99% levy and using the flexibility to levy an additional 2% Social Care Precept. The Government in its definition of Core Spending Power for Local Government assume that Councils will recommend the maximum increase to support service delivery.

4.6.2 Derby is a low tax-base Council where the majority of properties are in band A. This, by implication, means that any increase in Council Tax will raise less additional revenues than neighbouring higher tax-base authorities.

4.6.3 Council Tax charged includes that levied by Derby alongside the preceptors (Police and Fire and Rescue). Details from the other preceptors will be known in February 2023. The impact of the proposed Derby City 4.99% increase is detailed in the table below:

#### 4.6.4

Band	No. of Properties	% in receipt of Council Tax Support	2022/23 Derby City Council Tax	Proposed 2023/24 Derby City Council, Council Tax	Annual Increase	Weekly Increase
			£	£	£	£
Band A	57,450	23.28	1,051.95	1,104.45	52.50	1.01
Band B	21,835	8.82	1,227.28	1,288.52	61.24	1.18
Band C	16,954	5.45	1,402.60	1,472.60	70.00	1.35
Band D	8,805	2.70	1,577.93	1,656.67	78.74	1.51
Band E	4,748	1.10	1,928.58	2,024.82	96.24	1.85
Band F	2,331	1.50	2,279.23	2,392.97	113.74	2.19
Band G	698	1.58	2,629.88	2,761.12	131.24	2.52
Band H	53	-	3,155.86	3,313.34	157.48	3.03

- 4.6.5 The proposed Council Tax increase for 2023/24 means that 70% of Derby payers will not have to pay more than £1.20 a week more than they paid in 2022/23. The increase will be mitigated for a number of properties in who are in receipt of full or partial Council Tax support.

## 5 Capital Budget

### 5.1 The Council's Capital Ambition and proposed Capital Programme

- 5.1.1 The Council Plan sets down a series of outcomes and ambitions that will require Capital investment to deliver. The Capital Programme is funded from External Contributions, Capital Receipts and Prudential Borrowing and Revenue Contributions.
- 5.1.2 The effective utilisation of capital resources is fundamental to realising the Council's priorities through both the management of the Council's asset estate and its priorities. A great deal though of the capital activity within the programme is either committed to existing schemes or funded through Government grants.
- 5.1.3 It is essential that the Capital Programme alongside the Revenue Budget is aligned to the new Council Plan and ambition for Derby within the current financial framework of sustainability.
- 5.1.4 Despite the current financial constraints, the Council retains a capital ambition for the City which delivers across themes such as economic regeneration, health and wellbeing, economic vibrancy, diversification and skills, job creation and the development of the City's cultural offer. It is not possible in the current financial climate to bring forward new schemes (though existing schemes and rolling programmes continue) for inclusion within the published Capital Programme with the exception of those detailed in paragraph 5.1.5.

5.1.5 The Capital Programme totals £468.2m over the next three years, £353.8m General Fund and £114.4m HRA. This programme will have a major positive impact on the City. The capital programme includes the following additional schemes and continued investment in rolling programmes:

- Outdoor Facility at Markeaton Park
- Derby Football Hub
- Parks and Open Spaces.

#### 5.1.6 **Development of Capital Programme**

In February 2022, Council approved a Capital Programme for 2022/23 to 2024/25. This represented a significant continued investment programme in key areas such as:

- Modernisation, renewal, and replacement of key Council buildings
- Economic regeneration of the City Centre
- Investment in housing through the HRA and General Fund
- Investment into schools including provision of additional places
- Flood defence works.

5.1.7 During 2022/23, monitoring and amendment of the current approved capital schemes is ongoing with spend profiled between financial years to match deliverability assessments and review the financing assumptions linked to individual schemes. Slippage reported up to Qtr. 3 is reprofiled into future years budgets proposed in this programme.

5.1.8 During 2022/23 the capital programme included some major projects schemes with some still ongoing, some major schemes are listed below:

- Becketwell Arena
- Smartparc
- MRC Midlands
- Transforming Cities
- Market Hall Refurbishment
- New Primary School



- 5.1.9 Also, during 2022/23 the Moorways Sports Village and Water Park was successfully completed and opened under budget and on time in April 2022.



- 5.1.10 Throughout the summer and autumn, the capital programme has been scrutinised using a series of workshops and follow up meetings with each strategy area, in order to take a sustainable approach to the programme. This was in response to the funding available due to the exceptional increasing pressures facing the council in the short and medium term.
- 5.1.11 This review considered the current programme schemes against the Council's strategic objectives in the Council plan and the capacity to deliver including resources and availability of materials. The review also considered the risk in soaring inflation linked to the continued effects post pandemic and the war in Ukraine.
- 5.1.12 Proposed plans for the capital programme were submitted to Senior leadership and Cabinet member meetings to scrutinise, review, and agree the draft programme for 2023/24 to 2025/26.
- 5.1.13 The revenue impact of this and the final capital programme has been modelled to determine the financing impact on the Revenue Budget. This is included in the MTFP. This modelling includes the Qtr.3 capital monitoring changes in the Qtr.3 monitoring report included on this agenda.
- 5.1.14 Council Cabinet issued a Capital Programme for consultation (excluding the HRA) on 21 December 2022. Since then, additional schemes that have been through the Capital Gateway approval process, approved at previous Cabinets or through the delegated approval process have been added to the Capital Programme. Slippage identified in the 2022/23 Qtr. 3 Capital Monitoring has also been included in the revised programme.



- 5.1.15 The following amendments have been made to the proposed Capital Programme following the budget consultation report on 21 December 2022.

**Table: Final changes to 2023/24 to 2025/26 capital programme since the Consultation process.**

<b>Change (cumulative)</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>
Capital Programme Consultation	176.635	78.098	88.375
HRA approved at January Cabinet (not inc. in MTFP consultation)	33.469	40.038	40.877
Qtr. 3 slippage & reprofiling of budgets	10.852	4.011	(9.413)
Addition of Crematorium Refurbishment	3.000	-	-
Revised forecast for Derby football Hub	0.533	-	-
Schools correction to SCE funding omitted at consultation required for future schemes	1.024	-	-
Futures Investment Pot	0.700	-	-
<b>Revised Capital programme</b>	<b>226.213</b>	<b>122.147</b>	<b>119.839</b>
Funding Available at Consultation	176.635	78.098	88.375
HRA (MRA and Right to Buy receipts)	33.469	40.038	40.877
2022/23 Qtr. 3 slippage and reprofiling all funding sources	10.852	4.011	(9.413)
Additional Corporate Unsupported Borrowing	5.257	-	-
<b>Revised Funding Available</b>	<b>226.213</b>	<b>122.147</b>	<b>19.839</b>

#### 5.1.16 Major projects

The proposed capital programme includes a number of projects that are monitored on a regular basis and reported quarterly to Cabinet.

- 5.1.17 In recent years, the Council has been more successful in securing significant external funding to deliver the City's ambition. It is important that the Council continues with its drive to a more strategic, coherent, and professional capital programme to retain the confidence of funders and deliver on the Council's Capital ambitions.

- 5.1.18 For block programmes, approval will be needed for the content of programmes, where this is not set out in this budget report. This will include the Local Transport Plan, the Schools programme, and the HRA programme details of which will be reported to Cabinet at separate meetings.

## 5.2 Capital Delivery

- 5.2.1 The Council is proposing significant investment over the next three years and will prioritise the delivery of such.

- 5.2.2 There has been significant slippage over the last couple of years in many areas of the capital programme, which has been further impacted by the pandemic and the War in Ukraine, and this has resulted in a national shortage of resources and rising inflationary costs. However, this has created an opportunity for strategy areas which have rolling programmes to review their programme of work, refocus their work planning and look at longer term plans.
- 5.2.3 For the 2023/24 capital programme strategy areas are moving to a 5-year planning cycle and will use 2023/24 as a catch up and planning year funded from 2022/23 slippage and a reduced budget requirement in 2023/24.
- 5.2.4 Schemes are phased over the life of the Capital Programme however in some cases unforeseen circumstances can result in significant movement between years, this will be monitored and reported to Cabinet as appropriate. Governance and delivery of major capital schemes is through the provision of project boards, and quarterly reporting to Cabinet and the Project Management Office (PMO) and gateway processes for Capital Business Cases provides additional assurance. Should the business cases identify the need for additional capital allocations as surveys and other funding information are quantified, this will be subject to separate reports to Cabinet or reported through the quarterly monitoring reports. If schemes are contained within the funding envelope within the three-year Capital Programme they will progress without the need for additional reports to Cabinet.
- 5.2.5 It is important that the Council is agile to the opportunities for delivering the Capital Programme and to bring approved schemes forward if opportunity allows and equally to slip schemes between financial years if required. This flexibility should allow improved delivery and spend against the approved programme.
- 5.2.6 To facilitate this, it is recommended to Council that the movements within the approved Capital Programme continue to be delegated to the Section 151 Officer in consultation with the Cabinet Member for Finance to permit movement of schemes, subject to affordability (detailed within the 3-year capital programme reported to Cabinet) and reported in the quarterly financial monitoring reports.
- 5.2.7 **Future Investment Pot**  
The capital programme continues to include an investment pot to enable the Council to borrow without further borrowing approvals from full Council to support the capital programme. Use of this pot will be subject to the appropriate approval process re: additional or amendments to schemes.
- 5.2.8 **Derby Football Hub**  
A separate report is included on this agenda requesting Cabinet to approve the financial support for the capital funding of the Football Foundations Football Hub programme.

- 5.2.9 The Derby Football Hub project will redevelop the Racecourse Playing Fields site into a thriving state-of-the-art football facility and community asset to support the growth of football and active lives for the Derwent community and the wider City. The project scope will:
- Develop new Artificial Grass Pitches and refurbish the existing pitch
  - Redevelop the existing building to include: a café, flexible spaces for the delivery of education and community programmes; and strength & conditioning space
  - Increase and improve the onsite car parking capacity and access
  - Develop the wider site to transform the site into an improved accessible community space including replacement the play equipment and outdoor gym; creation of a circular path, enhanced ecological and bio-diversity features.
- 5.2.10 Total estimated capital cost for the project is circa £12m. The application to the Football Foundation will be for a minimum of 50% of the total cost (£6m). The DCC match funding will be taken from the Future Investment Fund and corporate unsupported borrowing
- 5.2.11 This scheme has been modelled within the capital programme presented in this report.
- 5.2.12 **Levelling Up Funding**  
In January DHLUC announced that Derby will be awarded £20m from a share of £2.1 billion from Round 2 of government's flagship Levelling Up Fund to create jobs and boost the economy subject to finalising details of the project and agreeing a Memorandum of Understanding with DHLUC.
- 5.2.13 The bid was submitted to contribute towards the vision for a new purpose-built learning theatre on the site, putting culture at the heart of the regeneration of Derby's Cathedral Quarters.
- 5.2.14 This project is not included in the proposed capital programme as details have not been finalised. This will be subject to a future cabinet report for approval.

### 5.3 Capital Strategy

- 5.3.1 The capital strategy is required under the prudential code and was introduced in the 2017 edition of the code. Authorities are required to produce this annually as part of the revenue, capital, and balance sheet planning. The capital strategy demonstrates that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability, and affordability. It sets out the long-term context in which capital expenditure and investment decisions are made and give consideration to both risk and reward and the impact on achievement of priority outcomes. The updated capital strategy can be found at Appendix 17.
- 5.3.2 New allocations and business cases are evaluated using the Capital Gateway process and subsequently monitored through the Council's PMO where appropriate.
- 5.3.3 **Funding** - The capital programme is financed from several resources, which are defined in Appendix 13.

- 5.3.4 **Single Capital Pot Allocations** - A number of capital allocations for the Single Capital Pot (Supported Capital Expenditure Capital through Government grant allocations which are not ring-fenced) have not been received at the time of writing this report. Where confirmations of allocations have not been received, the previous year's allocations have been used as a guideline. The programme will be amended at a future cabinet if appropriate.
- 5.3.5 **Borrowing** - The proposed programme includes total borrowing of £154.721m over the three years. New borrowing has been programmed to include requirements for rolling programmes, an addition for Parks & Open Spaces, an addition for the Crematorium Refurbishment and Outdoor facility at Markeaton Park, and further future provision for future capital investment.
- 5.3.6 Some schemes approved on the capital programme will require a form of temporary borrowing if the scheme is reliant on external funding for which certain conditions should be met but is not received in line with the planned expenditure. Corporate borrowing charged internally (to the service incurring the temporary borrowing) would be applied in this case.
- 5.3.7 The proportion of the existing 2022/23 to 2024/25 three-year capital programme funded from borrowing was 50.4%. The proposed Capital Programme included in this report to be funded from borrowing for the next three years programme 2023/24 to 2025/26 is 43.7%. A detailed breakdown of all projects forecast to be borrowed for can be found at Appendix 14.
- 5.3.8 **Capital Receipts**  
Only those capital receipts that have already been received have been added to the 2023/24 capital programme. Capital receipts for the years 2024/25 and 2025/26 are indicative and will be dependent on the success of future sales. Therefore, the need to revisit the funding position for those years utilising receipts will need to be managed during the future years MTFP setting or appropriate Cabinet reports. Any future capital receipts will be retained and held in a corporate reserve for allocation across the programme to those areas not attracting their own funding sources in accordance with the revised capital receipts policy with the exception of schools, Our City our River and regeneration receipts as specified in the policy. This ensures best use of corporate resources across the different asset categories e.g. capital receipts would be applied against the ICT programme as these are short life assets that mean it would be less cost effective to borrow for these types of assets.
- 5.3.9 **Flexible use of capital receipts regulations** - A change in the use of capital receipts rules was introduced in March 2016. The Council opted into the new rules from 2021/22 which allowed authorities to use qualifying receipts to fund transformational projects.
- 5.3.10 The Council will continue to utilise the Flexible use of Capital Receipts Policy as appropriate. A further report will be presented to Cabinet at a later date to finalise a plan for these areas of transformation if required.
- 5.3.11 All other forecast receipts are to be considered for the additions made to the ICT programme which are short life assets and are not suitable for borrowing as a source of funding.

- 5.3.12 **S106 Contributions** - Any allocation of S106 monies is reported to Cabinet during the year to inform members what specific contributions are intended to be used for. Any in year allocations are reported through the monthly Compliance with Contract and Financial Procedure Rules reports, and quarterly Capital Monitoring reports, as they arise.

For a detailed list of S106 contributions contact Head of Finance: Toni Nash at [Toni.Nash@derby.gov.uk](mailto:Toni.Nash@derby.gov.uk)

- 5.3.123 **Revenue Implications** - The cost of unsupported borrowing in the revenue budget is dependent on the profiled spend in each financial year and the useful economic life of each capital asset being funded. The revenue costs of borrowing for the proposed capital programme have been included in the MTFP within this report and will be updated through regular monitoring to take into account any changes in the programme.
- 5.3.14 A revenue budget provision to cover lifecycle and on-going maintenance costs should be provided from departmental revenue budgets for all schemes in the capital programme, where relevant. The availability of such revenue budgets for capital schemes will need to be confirmed before capital schemes can commence.
- 5.3.15 The revenue budget provision for the current three-year MTFP includes sufficient treasury provision for the treasury management function including additional borrowing requirements.
- 5.3.16 The revenue implications of the 2023/24 programme which are programmed as borrowing create a revenue pressure in the form of MRP (Minimum Revenue Provision) in future years. There is a one-year time lag after project completion before the revenue budget is impacted. This has been factored into the MTFP.
- 5.3.17 **Self-financing borrowing**-This may occur where financing costs are funded by contributions from existing core revenue budgets. In both cases, there is a need for a revenue budget transfer from specific service department budgets to the corporate treasury management budget to fund these schemes.
- 5.3.18 **Minimum Revenue Provision (MRP)** -The Council is required to declare its MRP (set aside for the repayment of debt) Policy each year. 2023/24 policy is detailed at Appendix 15.

## 6. **Dedicated Schools Grant 2023/24**

### 6.1 **Schools Block (£228.227m)**

Funding to Local Authorities is distributed using the National Funding Formula (NFF), a local formula is adopted to distribute funding (soft National Funding Formula) although the Department for Education (DfE) has indicated that the move to a full National Funding Formula for individual school allocations is still very much the desired ambition and local authorities should be adopting this approach in the design of its local funding formula.

- 6.1.1 In addition to the DSG funding above, mainstream schools will receive an additional grant in 2023 to 2024 – titled **The Mainstream Schools Additional Grant (MSAG)**.

- 6.1.2 The indicative allocation for Derby is £8m. School-level allocations of this grant will be published in May 2023. Maintained schools and academies will receive this funding from April 2023.
- 6.1.3 It is the intention that this additional funding will be a separate grant for 2023-24 only. The funding will be incorporated into core budget allocations and be part of the national funding formula for 2024 to 2025.
- 6.1.4 In December 2022, the DfE confirmed that of the £2billion additional funding per annum (over and above that promised in at Spending Review 2021) £400 million would go toward the high needs (SEND) budget and the rest to mainstream schooling. The announced national increase was circa 5% per pupil for mainstream schools in 2023-24. In real terms this equated to an increase of 2% per pupil between the two years. Historic supplementary grant is now part of the base NFF from 23-24 – Derby continues to apply the NFF rates to all factors, as set out by the DfE
- 6.1.5 The School's Block is the only ring-fenced block of the DSG and for 2023-24 has increased by £14.92m from the 2022-23 allocation.
- 6.1.6 The Government remains committed to a 'hard' national formula, changes to the Schools Block are as follows: -
- An increase of between 2% - 6% has been applied to the core factors in the National Funding Formula multiplier, it is not mandatory to replicate these values at a local level, however School Forum principle is to mirror the NFF as near as Derby can.
  - An increase of 3% has been applied to the Minimum funding levels per pupil, set as part of the NFF, for 2022-23 are primary school at least £4,405 per pupil and secondary school at least £5,715 per pupil. These values are mandatory and must feature at a local level.
  - Pupil mobility factor, the proportion of mobile pupils in a school must be above the threshold 6%.
  - The Minimum Funding Guarantee (MFG) can be set at between +0. % And +0.5% per pupil.
  - There are no gains cap in the allocations applied to local authorities however local formulae can feature one, this is usually used to address affordability issues.
  - From 2023-24 Derby Non-domestic rates will follow existing processes and be paid locally, Derby has yet to adopt the ESFA direct payment method.

- 6.1.7 The following set of principles will be applied to Derby's Schools Block Funding Formula for 2023-24:
- Implementation of the National Funding Formula rates in the local funding formula. Derby currently mirrors rates set by DfE.
  - A Minimum Funding Guarantee set at 0.5% (per pupil funding protection mechanism), the most favourable percentage for schools. This applies to only 5; a positive position in so much as the majority of schools are funded at the NFF levels, a high MFG will cause overall affordability issues (protection needs funding) and will mean that those schools triggering the MFG will be on a trajectory of reduced funding as the MFG tapers out.
  - A transfer of £0.055m (0.02%) to the High Needs Block. Schools Forum have the powers to approve a transfer of up to 0.5% from the Schools Block to other areas of the DSG. The amount requested for 2023-24 is well within the permitted limit.
  - A cap on growth above 3.4%. This is required as there is not sufficient funding to fully implement the above principles.
  - The allocation for the growth fund within the DSG settlement is £1.6m, £0.178m will be retained within the school's block to support the costs of pupil number adjustments with the remainder funding growth numbers in the School Block proforma.
- 6.1.8 Derby's average percentage per pupil increase within the school's block is 5.9% with an overall 7.2% increase in Derby's School's budgets. When considering the NFF Minimum Funding levels per pupil an average of £5,064 for primary pupil (15% above MFL) and £6,497 for secondary pupil (14% above MFL).
- 6.1.9 Although formula factors have seen significant increase and Derby on average allocating MFL significantly above the national prescribed values, be mindful that the impact varies school to school based on the eligibility of pupils triggering the various factors.



6.1.10 **The proposed Schools Block for 2023/24 is detailed in the table below.**

<b>Schools Block</b>	2023/24 £'000	2022/23 £'000	Change £'000
Allocation	228,227	213,306	14,921
Transfer to the High Needs Block (SENDIASS)	(55)	(303)	248
<b>Allocation including SB Transfer</b>	<b>228,172</b>	<b>213,003</b>	<b>15,169</b>
<b>Requirement</b>			
Growth Fund	178	244	(66)
Balance to be distributed to Schools through the Funding Formula	227,993	211,364	16,629
<b>TOTAL Requirement</b>	<b>228,171</b>	<b>211,608</b>	<b>16,563</b>

6.1.11 **Early Years Block (£20.348m)**

The Early Years Block of the Dedicated Schools Grant funds the 2, 3 and 4-year-old entitlement across all settings.

6.1.12 For 2-year-olds the funding rates for all local authorities have increase by £0.11 per hour (2%). It is proposed that this is fully passported to providers, the proposed rate for Derby is £5.68.

6.1.13 The 3- and 4-year-olds national rate has increased by £0.21, Derby's budget proposals for 2023/24 are a 3.5% increase on the base rate within the formula to reflect the cost pressures faced by the sector and will be at an hourly rate of £4.70 (increase of £0.16) the balance is reflective of amounts paid to providers via factors such as deprivation and the top slice element. From 2023-24 previous SEN inclusion funding is now part of the HN block allowing as much funding as possible to be passported to EY settings.

6.1.14 It needs to be noted that the Stand-Alone Maintained Nursery Supplementary rate has seen a significant increase to £2.05 (an increase of £0.54p), this reflects the DfE decision to mainstream the Teacher Pay and Pension (previously a grant) into the MNS supplementary formula element.

The proposed Early Years Block for 2023-24 is detailed in the table below.



#### 6.1.15 Early Years Block - DSG Allocation and Requirement

<b>Early Year Block</b>	2023/24 £'000	2022/23 £'000	Change £'000
Allocation	20,348	18,668	1,680
Adjustment for January 2023 Census data	489	564	(75)
<b>TOTAL Early Years budgets</b>	<b>20,837</b>	<b>19,232</b>	<b>1605.227</b>
<b>Requirement</b>			
2-year-old funding	2,735	2,441	294
3- and 4-Year-Old Funding - Universal and Extended hours	15,812	14,682	1,130
Maintained Nursery School Funding (MNS)	1,248	1,137	111
Trajectory funding (top slice)	80	80	-
Contingency	32	17	15
Top slice for EY Services	470	200	270
SEN Locality Funding/staffing	-	300	-300
Early Years Pupil Premium & DAF	460	375	85
<b>TOTAL Requirement</b>	<b>20,837</b>	<b>19,232</b>	<b>1,605</b>

#### 6.1.16 High Needs Block National Context

High needs funding is increasing nationally by a further £570 million, or 6.3%, in 2023-24 – following the £1 billion increase in 2022-23 and £1.56 billion increase over the previous two years. This brings the total high needs budget to £9.7 billion. The high needs NFF will ensure that every local authority receives at least a 5% increase per head of their 2-18 population, with some authorities seeing gains of up to 7%. Following on from the summer announcement, additional funding of £400m to Authorities for 2023 to 2024 was announced in December 2022.

6.1.17 Since 2018-19 local authorities are able to transfer up to 0.5% of the gross Schools Block to High Needs following consultation with schools and the approval of the School's Forum. Should the Schools Forum not approve a transfer approval can be sought from the Secretary of State. A transfer of greater than 0.5% of the gross Schools Block can only be made with the approval of the Secretary of State. There are no restrictions on transfers between other blocks. Approval for a transfer is only for the year it is enacted; further approvals are required annually.

6.1.18 This current financial year sees the request to transfer £0.055m from the Schools Block to the High Needs block. The requirement for such a transfer is to fund £0.055m for the SENDIASS service which works closely with parents and families with pre-mediation to prevent tribunals, avoid out of authority placements and associated costs.

#### 6.1.19 **Derby Context**

**The High Needs Block has been increased by 15% circa £7.54m.** Note that this increase does include additional funding for 23-24 at (£2m) as announced nationally. Local authorities are required to pass on a 3.4% funding increase to maintained special schools and pupil referral units, special and alternative provision (AP academies (including free schools) based on the number of places being funded in 2022 to 2023.

- 6.1.20 There are significant pressures on the High Needs Block and Dedicated Schools Grant reserves are now reporting an ongoing deficit position. The DfE instruction was to ensure a 3% increase had been applied across the two years. Derby's budget proposal includes an inflationary increase on Special School places element 3 funding of 3%, in 2022-23 there was increase of 2% across the two years there is a 5% increase.
- 6.1.21 The additional funding (announced December 22) received will be applied based on 3.4% increase on Element 1/2 & 3 using 5/12th 22/23 place change and 7/12th 23/24 place change and 22/23 Element 3 based on place change numbers as per the guidance.
- 6.1.22 The ongoing pressures within HNB remains, with the total forecast deficit for 2022-23 being significant at £6.9m.
- 6.1.23 Currently the system in Derby is facing significant pressure in terms of meeting the needs of children with SEND. The demand for Education, Health, and Care Plans (EHCPs) in Derby continues to rise. Mainstream schools are challenged by a greater complexity of need than they have historically dealt with, and there are clear trends in terms of increased EHCPs for autism and social and emotional behavioural needs.
- 6.1.24 The budget in 2022/23 for E3 top up requests was set at £6.1m, the current forecast is showing this will be spent. As at November 472 mainstream pupils are receiving top-up funding and the current average cost of an E3 is now £12,300.
- 6.1.25 Independent out of authority specialist placements continue to rise. The 2022/23 budget for Independent and out of authority specialist placements was increased by a further £2.4m to a budget of £17.9m. Due to the limited capacity for specialist placements within the city together with the increased demand costs this financial year are seeing further increased levels.
- 6.1.26 Current records show that there are currently 463 out of area placements (as of November 22) an increase from 2021/22 of 62 placements of which 38 have been placed since September 22, resulting in a significant **£1.8m** pressure (additional costs over the last year of £4.2m).

- 6.1.27 Transformation work is ongoing with continued support from the current provider, Impower will build on interventions already implemented resulting in significant management of demand from September 2022.

The next stage of the transformation work includes the following interventions

1. Implement and embed the Electronic Derby Inclusion Tool (EDIT) within schools and settings.
2. Strengthen the redesigned Panel Process.
3. Establish and implement clear transitions process (Right Support, Right Time, Right Place).

Strengthening SEND in Early Years - Take an evidence-led approach to understand demand drivers in Early Years settings

**High Needs Block – DSG Allocation and Requirement**

<b>High Needs Block</b>	<b>2023/24 £'000</b>	<b>2022/23 £'000</b>	<b>Change £'000</b>
HN block allocation	56,628	50,222	6,406
Import/Export adjustment	-	(641)	641
Transfer from Schools Block	55	303	(248)
<b>Allocation including transfer</b>	<b>56,683</b>	<b>49,884</b>	<b>6,799</b>
<b>Requirement</b>			
Schools block transfer 22-23 specific project	55	303	(248)
Additional High Needs Top Up in school block schools (E3 payments)	7,264	6,300	964
Enhanced Resource Schools	2,588	2,746	(158)
Special Schools and Pupil Referral Units	23,081	20,139	2,942
Early years inclusion fund	450	-	450
Personalised Programs - Kingsmead	700	-	700
invest to save SEMH review	225	-	225
HUBs model with 10 primary and 20 secondary places	449	-	449
RPRT programme Step down (fresh start model)	30	-	30
Independent Special Schools	24,362	17,895	6,467
Post 16 High Needs Other Providers	5,490	4,284	1,206
High Needs Contingency	2,050	800	1,250
Fresh Start (Balance)	100	-	100
Speech and Language (remaining allocation balance)	180	-	180
Hospital and Medical Education	384	332	52
Other High Needs Support Services	1,499	1,166	333
<b>Total Requirement</b>	<b>68,909</b>	<b>53,965</b>	<b>14,944</b>
<b>Use of DSG Reserves</b>	-	-	-
<b>in year deficit 2023/24</b>	<b>(12,226)</b>	<b>(4,081)</b>	<b>(8,145)</b>
<b>Deficit brought forward 2022/23</b>	<b>(6,900)</b>	<b>(4,081)</b>	<b>(2,819)</b>
<b>Total Deficit</b>	<b>(19,126)</b>		

#### 6.1.29 **Central School Services Block (CSSB) £2.654m**

The Central School Services Block (CSSB) was introduced for the first time in 2018/2019. It funds local authorities for the statutory duties they hold for both maintained schools and academies. The CSSB brings together funding previously allocated through the retained duties element of the former Education Services Grant (ESG) and funding for ongoing central functions and historic commitments previously held within the Schools Block.

6.1.30 The Department for Education (DfE) have indicated that the historic commitment elements of the CSSB will eventually cease which will mean eventually a loss of funding for Derby City Council of £2.6m as this funding is used to support services provided by the Council. For 2023/24 there is a reduction of £0.194m which has been adsorbed within the Council's MTFP.

#### 6.1.31 **Dedicated Schools Grant Deficit Balances**

The ongoing pressures within HNB is forecasting further overspends that will increase the overall DSG deficit balance. It is forecast that the deficit position at the end of 2022/23 will be (£6.9m), and a predicted deficit at the end of 2023/24 totalling £(19m). A summary of the reserves in recent years is shown in the table below.

	£ m	
2015-16	6.9	
2016-17	7.0	
2017-18	7.0	
2018-19	2.8	
2019-20	2.6	
2020-21	4.2	
2021-22	(1.4)	
2022-23	(6.9)	2022/23 Forecast Cumulative Deficit
2023-24	(19.1)	2023/24 Forecast Cumulative Deficit

#### 6.1.32 **Deficit Management Plan**

Any LA that reports a deficit must comply with the DfE's deficit management plan. The DSG: conditions of grant, requires that any LA with an overall deficit on its DSG account at the end of the financial year, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the Department for Education (DfE) for managing their future DSG spend. Derby is now in this process and the deficit remains considerable.

6.1.33 The government has agreed to the extension of the DSG statutory override for a core of period of 3 years (up to March 2026), affording the short-term financial flexibility needed for authorities as they implement sustainable change, underpinned, and reinforced by the government's longer-term reforms. Derby's deficit position requires the authority to apply the statutory override.

## 7 **Reserves**

7.1 The review of reserves is an integral part of the MTFP and capital strategy to ensure that they are aligned and on a sustainable basis for future years.

7.1.1 The planned use of reserves both current and future years is detailed in Appendix 6 and summarised in the table below:

7.1.2

Summary of Reserves	Opening Balance 31.03.22  £m	In Year Movement(s) Actioned  £m	Estimated Future Years Commitments (including 22/23 proposals) £m	Future Years Forecast Balances  £m
General Fund Reserve*	(8.933)	-	(5.278)	(14.211)
Budget Risk Reserve**	(20.522)	0.645	17.301	(2.576)
Earmarked Reserves (excluding PFI and Capital)	(42.153)	0.410	36.035	(5.708)
PFI Reserves***	(29.767)	(0.210)	29.977	-
Earmarked Reserves to support the capital programme	(2.060)	0.210	1.513	(0.337)
School Balances	(8.577)	(0.994)	9.571	-
<b>TOTAL</b>	<b>(112.012)</b>	<b>0.061</b>	<b>89.119</b>	<b>(22.832)</b>

\*The General Fund Reserve future years balance is reliant on the replenishment of £2.640m in 2024/25 and £2.639m in 2025/26 in the current MTFP.

\*\*The Budget Risk Reserve future years balance is reliant on the replenishment of £2.0m in 2024/25 and £1.0m 2025/26 in the current MTFP.

\*\*\*PFI Reserves future years balance are reliant on the replenishment of £4m in future years in the current MTFP as a result of the transfer to fund the Cost of Change Reserve. The MTFP currently outlines the replenishment of the reserves in 2024/25 (£1m) and 2025/26 (£1m), the remaining £2m is outside the three-year MTFP process.

7.1.3 The above table assumes that there will not be the requirement for further drawdown of reserves to set the budget and that all savings are delivered either in their current format or a suitable alternative within the MTFP. The level of reserves has been assessed as part of the budget process and is detailed in the Section 25 Report on the adequacy of reserves attached at Appendix 7.

7.1.4 In addition, there is also use of the Treasury Management reserve of £0.670m to smooth the changes and timings of the capital programme and associated need to borrow.

Cabinet have previously approved the creation and transfer of £4m to the Cost of change Reserve, which is to be funded temporarily from PFI reserves and will be 'repaid' over the next four financial years. The reserve will be used to fund one off redundancy and pension costs arising from this Budget.

7.1.5 The Council is currently forecasting a £15.127m overspend at Qtr. 3 in 2022/23. This is being mitigated by the £1.2m Pay and Inflation reserve, the remainder of the COVID reserve of £2.265m and additional IBCF inflation of £0.354m that has been announced in the current year. The remaining overspend of £11.308m is forecast to be funded from the Budget Risk reserve.

- 7.1.6 There has been a need to call upon reserves in 2022/23 to mitigate the pressures the council faces as a result of the increased demand for services, reduced income and inflationary pressures, a reliance on reserves that cannot be sustained in the medium term. As a result the Council's financial resilience has reduced as available reserves have had to be utilised to fund short term pressures. Improving the reserves position must be a key priority to ensure financial resilience going forward. The MTFP includes planned contributions to reserves over the next few years. However, there is still significant volatility in both the National and Local Economy which may require in-year mitigations to the approved budget (e.g. continued use of Spending Review Panels) to avoid any further drawdown of reserves.

## **8 Budget Equality Impact Assessments**

- 8.1 The Council has to make sure it pays due regard to the Public Sector Equality Duty during the budget planning process. This is to ensure we understand whether the budget proposals will have a negative or positive impact on any groups with protected characteristics or could result in direct or indirect discrimination, we complete Equality Impact Assessments – EIA's.
- 8.1.1 The Council undertakes a screening process of all pressures and savings proposals identified as part of the budget setting process. This screening focuses on both financial and service factors to determine whether specific equality impact assessments are required. For the financial assessment, a significance level of £0.200m as a nominal figure has been used. All relevant EIA's will be available on the Council's website. Councillors are reminded that they need to consider the equality implications before a decision is made. Here is the link:
- <https://www.derby.gov.uk/community-and-living/equality-diversity/equality-impact-assessments/>
- 8.1.2 The screening identified four proposals that required a review of the proposed change. As a result, there are proposed amendments to three of the four proposals in the budget amendments detailed at 4.3.3
- 8.1.3 EIAs for specific proposals will continue to be developed as part of the project planning work in each case.

### **Public/Stakeholder Engagement**

- 9.1 The MTFP process has been through officer, Councillor and Cabinet engagement.
- 9.2 The Council carried out a detailed consultation exercise between 22<sup>nd</sup> December 2022 to 26 January 2023 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 Appendix 9. The consultation document can be found on the council's website.

9.3 The Council carries out engagement and 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. The budget consultation is undertaken alongside consultation on the Council Plan and priorities to ensure that the proposed resource allocation is aligned to the priorities. Therefore, when the Council budget proposals are made public each year, maximum effort goes in to communicating the proposals. The Council also carry out a detailed consultation process with Councillors through the Council's Scrutiny Boards and the meetings with trade unions and business community. Cabinet are asked to consider the consultation responses outlined in Appendix 9 to 12 of this report.

9.4 Consultation includes:

- a. Special meeting of the Council's Executive Scrutiny Board on Monday 16 January 2023. Minutes are detailed at Appendix 12
- b. Appendix 9 Consultation Feedback
- c. Meetings including representatives from Business Ratepayers - **TO FOLLOW**
- d. Notes from the young people through 'Voices in Action' and 'Children in Care' meetings held on 16<sup>th</sup> January 2023 and 18<sup>th</sup> January 2023. The notes are attached at Appendix 11
- e. Publishing of all relevant budget proposal information on the Council's website.
- f. Meetings with Trade Unions and Staff forums.

9.5 The MTFP has been revised having listened and considered the outcomes of the Consultation including proposals

**Other options**

10.1 The Council is required to set a balanced revenue and capital budget for 2023/24 by 11 March 2023.

**Financial and value for money issues**

11.1 The financial and value for money implications are outlined in the main body of the report.



- 11.2 The Section 151 Officer has assessed the Budget, its delivery and adequacy in the required Section 25 report attached at Appendix 7 and has concluded:

The financial resilience of the Council continues to be impacted upon by the current economic climate, Covid legacy and increasing Demand, especially Social Care. The need to draw on reserves to fund the projected overspend in 2023/24 mean that whilst minimum levels of reserves recommended in my Section 25 report are met, there is effectively no 'headroom' for future drawdowns to support the Council's budget or future in-year overspends.

The proposed budget has been prepared to propose a balanced budget with no drawdown of reserves on a recurrent basis. This was essential noting the expected level of reserves in April 2023 and is informed by delivery plans which have been prepared and assessed for their delivery. There is a risk of non-delivery of savings and/or externally determined costs pressures (for example, pay award) that will require in-year mitigations as the overall financial position of the MTFP did not provide headroom for creation of specific contingencies for the above.

The levels of reserves, balances and contingencies held are in my opinion adequate to approve the budget requirement for 2023/24. However, assumptions around the adequacy of reserves is based on alternative mitigating savings being found by savings owners if initial proposals cannot be met.

To support future financial resilience and sustainability it is essential that the Council

- (a) Identifies plans to delivery savings to address the indicative Budget Gaps for 2024/25 and 2025/26 and model financial scenarios linked to cost, demand and delivery
- (b) Continue tight financial management through Spending Review Panels and Effective Scrutiny
- (c) Make planned contributions to reserves in future years, detailed in this report to improve the financial resilience of the Council

In summary, the estimates are sufficiently robust in my opinion to allow the Council to set the Revenue Budget, Capital Programme. HRA Budget, Dedicated Schools Grant and Council tax for 2023/23.

## **Legal Implications**

- 12.1 The report demonstrates that the Council is taking appropriate action to meet its statutory requirement to deliver a balanced budget. What has also become clear during the recessionary period of the past decade is that the public and other stakeholders are becoming more aware of the impact of successive budget cuts. The need to consult before any final decisions are made that translate into a service delivery change is acknowledged within the report. Equally important is the need to ensure that the Council complies with the public sector equality duty and undertakes an assessment of the impact of the savings proposals that may be agreed across all impacted sectors prior to a final budget decision being made.

- 12.2 It is important to ensure that where changes to public services are proposed particularly in relation to welfare provision, whether that is in the manner of provision or as a result of the need to accommodate budget reductions, consultation with relevant stakeholders is undertaken and its outcome and implications are considered prior to a final decision being made.
- 12.3 Equally important is the need to demonstrate compliance with the public sector equality duty by undertaking an equality impact assessment and for its outcome and implications to be considered. The report identifies proposals which, if approved, will affect children, older adults, and disabled children, all of which groups are statutorily protected equality characteristics under the Equality Act 2010.
- 12.4 The rules governing decisions on the capital programme are set out in the Local Government Act 2003 and in regulations and guidance issued under the Act, including the Prudential Code for Capital Finance in Local Authorities issued by CIPFA. This allows for additional unsupported borrowing provided that this is consistent with the Prudential Code, particularly in terms of affordability.
- 12.5 The Council is required to set a legal balanced budget by 11<sup>th</sup> March each year.

### **Climate Implications**

- 13.1 All climate implications within the schemes outlined in this report will be considered as appropriate.

### **Socio Economic Implications**

- 13.1 As outlined in the body of the report.

### **Other significant implications**

#### **14.1 Personnel**

Any proposal which may affect staff if implemented in 2023/24 would be subject to appropriate consultation with staff and trade unions. The proposals, if implemented, could result in redundancies, and the staff and trade union consultation will be carried out in line with the Council's consultation, restructuring and redundancy policy.

#### **14.2 Equalities Impact**

All appropriate equality impact assessments will be carried out with regard to the proposals.

#### **14.3 Risk Management and Safeguarding**

Risks have been assessed throughout the budget process and where possible, reasonable mitigation has been made. When the budget is set the financial risk will be monitored throughout the year and reported to Cabinet on a quarterly basis as part of forecast monitoring report. There are limited reserves that, if required, can be used to manage risks, however this might mean some re-prioritising/reduction in the councils commitments and ambitions.

#### **14.4 Corporate objectives and priorities for change**

The budget provides the financial resources to deliver key objectives and priorities.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu	
Finance	Toni Nash	06/07/2023
Service Director(s)	Alison Parkin	06/07/2023
Report sponsor	Simon Riley	07/02/2023
Other(s)	Janice Hadfield Head of Finance Peoples - DSG	06/07/2023
	Ann Webster	
	Liz Moore	

<b>For more information contact:</b>	Toni Nash Head of Finance, Corporate Resources
<b>Background papers:</b>	Budget consultation documents and strategy reports
<b>List of appendices:</b>	Appendix 1 – MTFP Summary Appendix 2 – Changes to Grant funding Appendix 3a – Revenue Budget Summary - Year 1 Appendix 3b – Revenue Budget Summary -Year 2 Appendix 3c – Revenue Budget Summary – Year 3 Appendix 4 – Schedule of Budget Savings Appendix 5– Schedule of Budget Pressures Appendix 6 – Reserves Appendix 7 – Section 25 Reserves and Adequacy Report Appendix 8 – Reserves Policy Appendix 9 – Consultation Feedback Appendix 10 – Non-Domestic Rates Budget Consultation Minutes Appendix 11 – Extract from Voices in Action and Children in Care Minutes Appendix 12 – Minutes from Executive Scrutiny Board Appendix 13 – Summary Capital Expenditure Programme 2023/24 – 2025/26 General Fund Appendix 14 – Summary of unsupported borrowing Appendix 15 – Minimum Revenue Position Appendix 16 – Prudential Indicators Appendix 17 – Capital Strategy 2023/24 Appendix 18 – Proposed changes to the Council Plan 2022-2025

## Appendix 1

Medium Term Financial Plan 2023/24 to 2025/26	Previous year (Restated)	Draft MTFP		
	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
<b>FUNDING</b>				
- Retained Business Rates	59.007	60.916	65.823	65.823
- Core Government Grants	22.712	25.122	24.669	24.669
- Council Tax	110.504	117.688	124.901	129.502
- Estimated Surplus/(Deficit) on Collection Fund (one-off)	(4.158)	(0.489)	-	-
- Better Care Fund	25.603	27.087	27.448	27.448
- Public Health	19.756	20.156	20.756	20.756
- Other Grants	23.609	33.628	34.668	34.668
<b>Total Resources Available</b>	<b>257.114</b>	<b>284.107</b>	<b>298.265</b>	<b>302.866</b>
<b>BUDGET</b>				
<b>People Services:</b>				
<b>Adults &amp; Health:</b>				
- Employee Costs	19.786	19.786	19.503	19.817
- Running Costs	78.605	78.605	85.782	96.330
- Public Health	16.556	16.556	16.556	16.556
- Inflation Estimates		1.734	1.772	1.812
- Grant Income	(0.006)	(0.006)	(0.006)	(0.006)
- Other Income (Client Contributions, FNC, Joint Funding)	(15.587)	(15.587)	(16.452)	(16.803)
- Pressures		7.072	9.688	5.000
- Savings		(2.777)	(0.950)	-
<b>Adults &amp; Health Net Budget:</b>	<b>99.354</b>	<b>105.383</b>	<b>115.893</b>	<b>122.705</b>
<b>Children's:</b>				
- Employee Costs	40.919	40.919	40.458	40.977
- Running Costs	334.181	334.181	341.907	344.395
- Inflation Estimates		1.005	1.022	1.040
- Grant Income	(295.405)	(295.405)	(295.405)	(295.405)
- Other Income	(5.084)	(5.084)	(5.194)	(5.204)
- Pressures		9.635	2.056	-
- Savings		(3.485)	(0.082)	-
<b>Children's Net Budget:</b>	<b>74.611</b>	<b>81.767</b>	<b>84.763</b>	<b>85.803</b>
<b>Peoples Total Net Budget:</b>	<b>173.965</b>	<b>187.150</b>	<b>200.657</b>	<b>208.508</b>
<b>Communities and Place:</b>				
- Employee Costs	34.049	34.049	33.342	33.149
- Running Costs	42.036	42.036	41.584	41.794
- Inflation Estimates		0.974	0.997	1.020
- Grant Income	(1.322)	(1.322)	(1.322)	(1.322)
- Other Income	(31.908)	(31.908)	(32.286)	(32.933)
- Pressures		2.556	(0.332)	0.080

- Savings		(5.067)	(1.294)	(0.037)
<b>Communities and Place Net Budget:</b>	<b>42.855</b>	<b>41.318</b>	<b>40.688</b>	<b>41.751</b>
<b>Corporate Resources:</b>				
- Employee Costs	31.867	31.867	29.835	29.855
- Running Costs - <i>includes Housing Benefits</i>	90.596	90.596	91.052	90.661
- Inflation Estimates		0.631	0.643	0.656
- Grant Income - <i>Includes Housing Benefit</i>	(69.534)	(69.534)	(69.534)	(69.534)
- Other Income	(17.924)	(17.924)	(17.779)	(17.816)
- Pressures		2.306	0.184	-
- Savings		(4.368)	(1.235)	(0.175)
<b>Corporate Resources Net Budget:</b>	<b>35.005</b>	<b>33.574</b>	<b>33.166</b>	<b>33.648</b>
<b>Corporate:</b>				
- Treasury Management	10.141	10.142	13.064	16.238
- Bank Charges	0.104	0.104	0.104	0.104
- Pension Cost	0.593	0.593	0.593	0.593
- Transport Act	0.081	0.081	0.081	0.081
- Support Services Balance	0.099	0.099	0.099	0.099
- Schools DSG Grant Income – Corporate	(0.144)	(0.144)	(0.144)	(0.144)
- Regeneration Contingency	(0.135)	(0.135)	(0.135)	(0.135)
- Corporate Contingency Fund	(0.037)	(0.388)	(0.788)	(0.788)
- Corporate Revenue Budget Contingency	0.181	0.181	0.181	0.181
- Scape Dividend	(0.500)	(0.500)	(0.250)	(0.250)
- Opportunity Fund	0.140	0.140	0.140	0.140
- Covid	0.067	0.067	-	-
- Pay Award – Council Wide		-	6.699	8.481
- Inflation – Council Wide		-	2.028	2.028
- Pressures - <i>Including Council Wide pressures</i>		11.582	4.956	4.845
- Savings - <i>Including Council Wide</i>		(0.500)	-	-
<b>Corporate Net Budget:</b>	<b>10.591</b>	<b>21.674</b>	<b>26.630</b>	<b>31.475</b>
<b>Net Budget (prior to movement in reserves)</b>	<b>262.416</b>	<b>283.715</b>	<b>301.141</b>	<b>315.383</b>

<b>Operating Surplus/(Deficit) before use of Reserve</b>	<b>(5.302)</b>	<b>391</b>	<b>(2.876)</b>	<b>(12.516)</b>
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<b>Reserves</b>				
- Trf to reserves - General Reserve			2.640	2.639
- Trf to reserves - Budget Risk Reserve			2.000	1.000
- Trf to reserves – Earmarked Reserves			1.000	1.000
- Collection Fund Smoothing Reserves	(4.352)	1.061		
- Use of Treasury Management Reserve	(0.950)	(0.670)		
<b>Net Budget Requirement after use of Reserves</b>	<b>257.114</b>	<b>284.106</b>	<b>306.781</b>	<b>320.022</b>
<b>Budget Gap/(Surplus)</b>	<b>-</b>	<b>-</b>	<b>8.516</b>	<b>17.155</b>

## Appendix 2

Funding Statement	Final 2022/23 £m	Final 2023/24 £m	Difference	
			£m	%
<b><u>REVENUE SUPPORT GRANT, TOP UP AND BUSINESS RATES</u></b>				
Revenue Support Grant	13.195	14.851	1.656	12.55%
Retained Business Rates	42.454	41.948	-0.506	-0.01%
Business Rates Top-Up Grant	16.552	18.968	2.416	14.60%
Prior Year Business Rates Collection Fund Surplus / (Deficit)	(2.076)	(0.835)	1.241	59.78%
<b>REVENUE SUPPORT GRANT &amp; BUSINESS RATES</b>	<b>70.125</b>	<b>74.933</b>	<b>4.808</b>	<b>6.856%</b>
<b><u>SPECIFIC GRANTS</u></b>				
- Public Health Grant	19.756	20.156	0.400	2.025%
- Education Services Grant	0.400	0.400	-	-
- Housing and Council Tax Subsidy Admin Grant	1.079	1.079	-	-
- Better Care Fund	25.603	27.087	1.484	5.796%
- New Homes Bonus	1.153	0.453	-0.700	-60.711%
- Independent Living Fund	1.067	1.067	-	-
- Extended Rights to Free Travel	0.148	0.148	-	-
- Local Reform and Community Voices Grant	0.170	0.170	-	-
- SFA s31 grant business rates cap, SBRR, Retail Relief	11.850	14.980	3.130	26.413%
- Adult Social Care and Children's one-off funding	7.050	7.050	-	-
- Additional funding for Social Care	1.927	8.732	6.805	353.140%
- Lower Tier Support Grant	0.413	-	-	-
- Equalisation and Social care	3.197	3.197	-	-
- Services Grant	3.979	3.931	-0.048	-1.206%
- Market Sustainability and Fair Cost of Care Fund	0.775	2.690	1.915	247.097%
- Holiday Activities and Food Programme grant	-	-	-0.957	-70.523%
<b>Total Specific Grants</b>	<b>78.567</b>	<b>91.140</b>	<b>12.575</b>	<b>16.005%</b>
<b>REVENUE SUPPORT GRANT, BUSINESS RATES &amp; SPECIFIC GRANTS</b>	<b>150.049</b>	<b>166.073</b>	<b>16.026</b>	<b>10.681%</b>
<b><u>COUNCIL TAX</u></b>				
Council Tax Requirement	111.587	117.688	6.101	5.467%
Prior Year Collection Fund Surplus / (Deficit)	(2.082)	0.345	2.427	-116.571%
<b>Total Council Tax</b>	<b>109.505</b>	<b>118.033</b>	<b>8.528</b>	<b>7.788%</b>
<b>Total Resources</b>	<b>259.554</b>	<b>284.106</b>	<b>24.552</b>	<b>9.450%</b>

## Overall Summary by Directorate - Revenue Budget 2023/24

SERVICE ACTIVITY	Controllable 2022/23 Base Budget £m	Budget Changes			Controllable 2023/24 Base Budget £m
		Inflation £m	Pressures £m	Savings £m	
<b>Directorates:</b>					
People Services	173.965	2.739	16.707	(6.261)	187.150
Communities and Place	42.855	0.974	2.556	(5.067)	41.318
Corporate Resources	35.005	0.631	2.306	(4.368)	33.574
Corporate	10.591	-	11.582	(0.500)	21.673
<b>Total Directorate Budgets</b>	<b>262.416</b>	<b>4.344</b>	<b>33.151</b>	<b>(16.196)</b>	<b>283.715</b>
<b>Transfer to/(from) reserves:</b>					
To/(from) corporate reserves	(5.302)				0.391
<b>NET BUDGET REQUIREMENT</b>	<b>257.114</b>				<b>284.106</b>
<b>Funded By:</b>					
Retained Business Rates	(42.454)				(41.948)
Business Rates Top Up Grant	(16.552)				(18.968)
Core Government Grants	(22.712)				(25.122)
Collection fund (surplus)/deficit	4.158				(0.489)
Income raised from Council Tax	(110.504)				(117.688)
Other Specific Grants	(69.050)				(74.066)
<b>TOTAL RESOURCES</b>	<b>(257.114)</b>				<b>(284.106)</b>

Overall Summary by Directorate - Revenue Budget 2024/25

SERVICE ACTIVITY	Controllable 2023/24 Base Budget	Budget Changes			Controllable 2024/25 Base Budget
	£m	Inflation £m	Pressures £m	Savings £m	£m
<b>Directorates:</b>					
People Services	187.150	2.795	11.744	(1.032)	200.657
Communities and Place	41.318	0.997	(0.332)	(1.294)	40.689
Corporate Resources	33.574	0.643	0.184	(1.235)	33.166
Corporate	21.673	2.028	2.929	-	26.630
<b>Total Directorate Budgets</b>	<b>283.715</b>	<b>4.344</b>	<b>6.944</b>	<b>(2.493)</b>	<b>301.141</b>
<b>Transfer to/(from) reserves:</b>					
To/(from) corporate reserves	0.391				5.640
<b>NET BUDGET REQUIREMENT</b>	<b>284.106</b>				<b>306.781</b>
<b>Funded By:</b>					
Retained Business Rates	(41.948)				(48.258)
Business Rates Top Up Grant	(18.968)				(17.566)
Core Government Grants	(25.122)				(24.669)
Collection fund (surplus)/deficit	(0.489)				-
Income raised from Council Tax	(117.688)				(124.901)
Other Specific Grants	(74.066)				(82.874)
<b>TOTAL RESOURCES</b>	<b>(284.106)</b>				<b>(298.265)</b>
<b>BUDGET GAP</b>	<b>-</b>				<b>8.516</b>



## Overall Summary by Directorate - Revenue Budget 2025/26

SERVICE ACTIVITY	Controllable 2024/25 Base Budget	Budget Changes			Controllable 2025/26 Base Budget
	£m	Inflation £m	Pressures £m	Savings £m	£m
<b>Directorates:</b>					
People Services	200.657	2.852	5.000	-	208.508
Communities and Place	40.689	1.020	0.080	(0.037)	41.752
Corporate Resources	33.166	0.656	-	(0.175)	33.647
Corporate	26.630	-	4.845	-	31.475
<b>Total Directorate Budgets</b>	<b>301.143</b>	<b>4.528</b>	<b>9.925</b>	<b>(0.212)</b>	<b>315.382</b>
<b>Transfer to/(from) reserves:</b>					
To/(from) corporate reserves	5.640				4.639
<b>NET BUDGET REQUIREMENT</b>	<b>306.783</b>				<b>320.022</b>
<b>Funded By:</b>					
Retained Business Rates	(48.258)				(48.258)
Business Rates Top Up Grant	(17.566)				(17.566)
Core Government Grants	(24.669)				(24.669)
Collection fund (surplus)/deficit	-				-
Income raised from Council Tax	(124.901)				(129.502)
Other Specific Grants	(82.874)				(82.872)
<b>TOTAL RESOURCES</b>	<b>(298.267)</b>				<b>(302.867)</b>
<b>BUDGET GAP</b>	<b>8.516</b>				<b>17.155</b>

**PEOPLES SERVICES - AH SAVINGS**

Directorate	Savings	Saving £m				FTE Reduction 2023/24		
		23/24 £m	24/25 £m	25/26 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/CR
Existing Savings formally signed off by Full Council Meeting on 22nd February 2022:								
People Services - AH	Maximising income across Adult Social Care, including partner contributions and increasing recovery of debt in Adult Social Care. To increase efficiency and targeting we will review current systems and processes and build on the numbers of people who make contributions to use direct debit	(0.250)	-	-	(0.250)	-	-	-
Total Existing Savings:		(0.250)	-	-	(0.250)	-	-	-
Peoples Services – AH Proposed Savings:								
People Services - AH	Withdraw funding for Mental Health Day Service that is jointly commissioned with the NHS	(0.079)	-	-	(0.079)	-	-	-
People Services - AH	Efficiencies from community equipment for people with social care needs	(0.100)	-	-	(0.100)	-	-	-
People Services - AH	Increase income target for Blue Badge	(0.025)	-	-	(0.025)	-	-	-
People Services – AH	Review team structure within Adults Commissioning leading to a reduction of approx. 2.0 FTE	(0.117)	-	-	(0.117)	2.5	1.5	1.0
People Services – AH	Remove former budget used for emergency planning in adult social care	(0.007)	-	-	(0.007)	-	-	-
People Services – AH	Remove social service contingency budget following previous closure of day services	(0.215)	-	-	(0.215)	-	-	-
People Services – AH	Personal Assistant Register to be included in the on- line directory	(0.010)	-	-	(0.010)	-	-	-
People Services - AH	Create efficiencies in the commissioning of packages for drug and alcohol residential rehabilitation interventions	(0.020)	-	-	(0.020)	-	-	-
People Services – AH	Reduction in 1.8 FTE in Shared Lives team	(0.112)	-	-	(0.112)	1.80	1.0	0.80
People Services – AH	Home First - reduce capacity of the service by reducing current vacancies	(0.210)	-	-	(0.210)	4.50	4.50	-
People Services – AH	Reduce Home First budget where no firm commitments are in place for Winter Pressures.	(0.190)	-	-	(0.190)	-	-	-
People Services – AH	Scale down care packages for people living in the community	(0.950)	(0.950)	-	(1.900)	-	-	-
People Services - AH	Maximising income across Adult Social Care, including partner contributions and increasing recovery of debt in adult social care. To increase efficiency and targeting we will review current systems and processes and build on the numbers of people who make contributions to use direct debit (increase to existing savings)	(0.250)	-	-	(0.250)	-	-	-
People Services - AH	Delete 0.5 FTE learning disability employment support worker post	(0.036)	-	-	(0.036)	0.50	0.50	-
People Services – AH	Remove dedicated post for training on Liquid Logic	(0.039)	-	-	(0.039)	1.0	1.0	-
People Services – AH	Maximising telecare deployment to meet eligible care needs	(0.167)	-	-	(0.167)	-	-	-
Total Peoples Services – AH Proposed Savings:		(2.527)	(0.950)	-	(3.477)	10.30	8.50	1.80
TOTAL PEOPLES SERVICES - AH SAVINGS:		(2.777)	(0.950)	-	(3.727)	10.30	8.50	1.80

## PEOPLES SERVICES - CYP SAVINGS

Directorate	Savings	Saving £m				FTE Reduction 2023/24		
		23/24 £m	24/25 £m	25/26 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/CR
Existing Savings formally signed off by Full Council Meeting on 22nd February 2022:								
Peoples Services – CYP	Review Home to School Transport contract efficiencies and opportunities for block contracts and strategic partnering, and independent travel training	(0.470)	-	-	(0.470)	-	-	-
Peoples Services – CYP	Reversal of prior year saving to increase the inhouse fostering capacity, reducing the need to use more expensive external agency placements	0.072	-	-	0.072	-	-	-
Total Existing Savings:		(0.398)	-	-	(0.398)	-	-	-
Peoples Services - CYP Proposed Savings:								
Peoples Services – CYP	Reduction in capacity to deliver School Improvement activity from September 2023	(0.043)	(0.032)	-	(0.075)	0.50	-	0.50
Peoples Services – CYP	Efficiencies from the reduction in historical pension costs	(0.050)	-	-	(0.050)	-	-	-
Peoples Services – CYP	To switch the revenue funding to DSG funding for the Early Years Quality Team, to be funded from the DSG Early Years Block	(0.232)	-	-	(0.232)	-	-	-
Peoples Services – CYP	Proposal to freeze allowances to carers, which includes, fostering, Special Guardianship Orders, Child Arrangement Orders, Residence Orders and adoption. Cease grants for care loans and small adaptations. Disband exit from care team	(0.377)	-	-	(0.277)	4.00	-	4.00
Peoples Services – CYP	Budget efficiencies across all the Children's Homes through a review of rota arrangements and deletion of a cook and Regulation 44 Officer equating to 1.08FTE	(0.300)	-	-	(0.300)	1.08	-	1.08
Peoples Services – CYP	Ending lease on Curzon House leading to transition of Youth Offending Service and Leaving Care Service to the Council House	(0.091)	-	-	(0.091)	-	-	-
Peoples Services – CYP	Remove x 1.0 FTE Assistant Responsible Officer post from Youth Offending Service establishment	(0.043)	-	-	(0.043)	1.0	1.0	-
Peoples Services – CYP	Remove x 1.0 FTE Parenting Officer from Youth Offending Service establishment	(0.043)	-	-	(0.043)	1.0	-	1.0
Peoples Services – CYP	Reduction to the Integrated Disabled Equipment budget	(0.030)	-	-	(0.030)	-	-	-
Peoples Services – CYP	Remove x 1.0 FTE Child Practitioner from the Integrated Disabled Children's Service establishment	(0.038)	-	-	(0.038)	1.0	-	1.0
Peoples Services – CYP	Remove historic Parents as Early Education Partners (PEEP) and reconfigure as part of the Family Hub Development	(0.045)	-	-	(0.045)	-	-	-
Peoples Services – CYP	Remove 0.6FTE vacant Personal Assistant post in the Connexions team and 0.2FTE Children Centre Manager	(0.048)	-	-	(0.048)	0.80	0.80	-
Peoples Services – CYP	Remove residual budget from previous restructure in Early Help	(0.065)	-	-	(0.065)	-	-	-
Peoples Services – CYP	Remove 0.6FTE vacant Parenting Assessment Practitioner in Early Help	(0.026)	-	-	(0.026)	0.60	0.60	-
Peoples Services – CYP	Remove residual 4.5hrs from vacant Children's Practitioner post in Early Help	(0.005)	-	-	(0.005)	0.12	0.12	-
Peoples Services – CYP	Remove 0.4FTE vacant Children's Practitioner in Early Help	(0.016)	-	-	(0.016)	0.40	0.40	-
Peoples Services – CYP	Fund 1.0FTE Children's Practitioner in Early Help as part of the reconfiguration of Derby’s Family Hub Development	(0.039)	-	-	(0.039)	-	-	-
Peoples Services – CYP	Remove 1.0FTE vacant Children's Practitioner post in Early Help	(0.039)	-	-	(0.039)	1.0	1.0	-
Peoples Services – CYP	Remove 0.7FTE vacant Family Visitor post in Early Help	(0.030)	-	-	(0.030)	0.70	0.70	-
Peoples Services – CYP	Remove vacant runaway worker in Early Help	(0.023)	-	-	(0.023)	0.50	0.50	-
Peoples Services – CYP	Remove 3.0 FTE vacant Children's Practitioner posts in Early Help	(0.116)	-	-	(0.116)	3.0	3.0	-
Peoples Services – CYP	Remove x 1.0 FTE Case Manager from Youth Offending Service establishment	(0.056)	-	-	(0.056)	1.0	-	1.0
Peoples Services – CYP	Deletion of Children's Principal Social Worker and Creation of a People's Principal Social Worker to be funded from new funding for Adult Social Care	(0.062)	-	-	(0.062)	-	-	-

Directorate	Savings	Saving £m				FTE Reduction 2023/24		
		23/24 £m	24/25 £m	25/26 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/CR
Peoples Services – CYP	0.8 FTE reduction in Child in Need Independent Reviewing Officer establishment	(0.050)	-	-	(0.050)	0.80	-	0.80
Peoples Services – CYP	Resilient City - CYP Integrated Commissioning - Proposal to develop and commission a medium-term Home to School Transport contract over a minimum of 4 years with a Transport Operator to develop efficiencies, flexibilities, stability with an integrated partnership approach	(0.030)	-	-	(0.030)	-	-	-
Peoples Services – CYP	Resilient City - CYP Integrated Commissioning - Home to School Transport -Proposal to continue to further develop Independent Travel Training and Preparation for Adulthood to help step down children and young people from taxi transport	(0.049)	-	-	(0.049)	-	-	-
Peoples Services – CYP	Resilient City - CYP Integrated Commissioning - As part of the existing Home to School Transport Post 16 discretionary transport consultation currently underway, additional post 16 savings are proposed	(0.233)	-	-	(0.233)	-	-	-
Peoples Services – CYP	Resilient City - CYP Integrated Commissioning - Home to School Transport proposal to amend the Pre 16 Home to School Transport policy and application process similar to other Councils, to help reduce high-cost taxi transport	(0.200)	-	-	(0.200)	-	-	-
Peoples Services – CYP	Resilient City - CYP Integrated Commissioning - Integrated Disabled Services for Children (Lighthouse) - proposal to amend the current 60:40 split of joint funding with Health, to a 50:50 joint funded approach using the existing balance of joint funding	(0.350)	0.350	-	-	-	-	-
Peoples Services – CYP	Resilient City - CYP Integrated Commissioning - Integrated Disabled Services for Children (Lighthouse) - Proposal for a joint strategic review of the Lighthouse provision with Health in 2023/24	-	(0.400)	-	(0.400)	-	-	-
Peoples Services – CYP	Resilient City - CYP Integrated Commissioning - To seek further additional joint contributions from Health for care packages for children with complex health and social care needs	(0.100)	-	-	(0.100)	-	-	-
Peoples Services – CYP	Resilient City - CYP Integrated Commissioning - To switch the remaining revenue funding to DSG funding for the Childcare and Family Information Service, most of which is already funded from the DSG Early Years Block	(0.038)	-	-	(0.038)	-	-	-
Peoples Services – CYP	Resilient City - CYP Integrated Commissioning - To step down Children in Care residential placements to small homes or foster placements when safe and appropriate to do so	(0.150)	-	-	(0.150)	-	-	-
Peoples Services – CYP	Adult Learning inflation to be contained within the ringfenced grant	(0.068)	-	-	(0.068)	-	-	-
Peoples Services – CYP	Efficiencies from the reduction in historical pension costs	(0.100)	-	-	(0.100)	-	-	-
Peoples Services – CYP	Reduce management strategic planning budget	(0.002)	-	-	(0.002)	-	-	-
<b>Total Peoples Services - CYP Proposed Savings:</b>		<b>(3.087)</b>	<b>(0.082)</b>	-	<b>(3.169)</b>	<b>17.50</b>	<b>8.12</b>	<b>9.38</b>
<b>TOTAL PEOPLES SERVICES - CYP SAVINGS:</b>		<b>(3.485)</b>	<b>(0.082)</b>	-	<b>(3.567)</b>	<b>17.50</b>	<b>8.12</b>	<b>9.38</b>

## COMMUNITIES AND PLACE SAVINGS

Directorate	Savings	Saving £m				FTE Reduction 2023/24		
		23/24 £m	24/25 £m	25/26 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/C R
Existing Savings formally signed off by Full Council Meeting on 22nd February 2022:								
Communities and Place	Review staffing across Climate and Waste teams	-	(0.100)	-	(0.100)	-	-	-
Communities and Place	Review approach to waste collection and disposal that includes monthly garden waste collection over winter and renegotiation of contracts. Reduction in footway sweeping across Derby	(0.050)	-	-	(0.050)	1.0	1.0	-
Communities and Place		(0.500)	-	-	(0.500)	1.0	-	1.0
Communities and Place	Review leadership across planning, regeneration, and property services (*unachievable saving now shown as a pressure below)	(0.100)	-	-	(0.100)	-	-	-
Communities and Place	Review of Economic Growth structure and budgets	(0.130)	(0.010)	-	(0.140)	2.0	2.0	-
Communities and Place	Explore efficiencies for the delivery of events	(0.010)	-	-	(0.010)	-	-	-
Communities and Place	The Council is embarking on a commercial journey that will see fit for purpose services delivered efficiently and effectively by reducing costs and wasteful activity along with the generation of profitable income. Working corporately the commercial approach will take a problem-based perspective and focus on high spend areas whilst connecting with other corporate agendas such as debt recovery and contract management	(0.250)	(0.250)	-	(0.500)	-	-	-
Total Existing Savings:		(1.040)	(0.360)	-	(1.400)	4.0	3.0	1.0
Communities and Place Proposed Savings:								
Communities and Place	Reducing the service level provision in Grounds and Arboriculture that includes planting less trees, shrubs, plants, reducing weed spraying and optimising park bin collection frequencies and removal of apprenticeship opportunity	(0.128)	(0.028)	-	(0.156)	5.0	2.0	1.0
Communities and Place	Building Control - Reduction in hired and contracted services for dangerous structures using historical data of service provided	(0.035)	-	-	(0.035)	-	-	-
Communities and Place	Taking a place-based approach to Community Safety by rationalising and redesigning teams, working in a locality focussed way across the Council and with the community	(0.090)	(0.345)	-	(0.435)	2.0	-	2.0
Communities and Place	Derby Live - Review staffing for the delivery of events	(0.100)	-	-	(0.100)	4.0	-	4.0
Communities and Place	Reductions in Economic Growth activity budget and strategic contributions	(0.262)	-	-	(0.262)	-	-	-
Communities and Place	Aligned to capital programme review, one year reduction in maintenance budgets of 10%	(0.025)	0.025	-	-	-	-	-
Communities and Place	Introduction of energy efficient initiatives to reduce energy costs	(0.060)	-	-	(0.060)	-	-	-
Communities and Place	Review of fees for specialist Engineering services, which were last considered in 2018	(0.020)	(0.050)	-	(0.070)	-	-	-
Communities and Place	Reduction in Traffic and Transport Management and service reconfiguration	(0.179)	-	-	(0.179)	5.0	1.0	4.0
Communities and Place	Energy saving through additional capital investment in energy efficient infrastructure	-	(0.080)	-	(0.080)	-	-	-
Communities and Place	Using DfT grant funding for large scale patching works normally funded from revenue	(0.500)	0.350	-	(0.150)	-	-	-
Communities and Place	Highways - Remove Inspector post and carry out less inspections of the highway,1 FTE	(0.032)	-	-	(0.032)	1.0	-	1.0
Communities and Place	Leisure - Explore the benefits of procuring an operator for the remaining leisure facilities	-	(0.665)	-	(0.665)	-	-	-
Communities and Place	Review management resources in leisure services	(0.122)	-	-	(0.122)	3.0	1.0	2.0
Communities and Place	Libraries - Reduce the spending on new library books for 1 year	(0.032)	0.032	-	0	-	-	-
Communities and Place	Libraries - Reduce funding to some library service resources for 1 year	(0.071)	0.071	-	0	-	-	-
Communities and Place	Libraries - Ending of funding and staffing to all Community Managed Libraries enabling wider community opportunities, locality working and asset efficiencies	(0.055)			(0.055)	-	-	-
Communities and Place	Libraries – Staff reductions following review of CML to a localities approach	(0.107)	-	-	(0.107)	-	-	-
Communities and Place	Reduce the funding to the Museums Trust	(0.020)	(0.020)	(0.020)	(0.060)	-	-	-
Communities and Place	Parks – Review staffing for the delivery Parks services	(0.085)	-	-	(0.085)	1.40	0.40	1.0



Directorate	Savings	Saving £m				FTE Reduction 2023/24		
		23/24 £m	24/25 £m	25/26 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/C R
Communities and Place	Parks – Operational efficiencies of the Catering services	(0.008)	-	0.008	0	1.0	-	1.0
Communities and Place	Parks – Generate additional income of Parks services	(0.045)	-	-	(0.045)	-	-	-
Communities and Place	Review approach to pest control	(0.030)	-	-	(0.030)	-	-	-
Communities and Place	Cease contribution to World Heritage Site Panel	(0.020)	-	-	(0.020)	-	-	-
Communities and Place	Review of fees for pre-application services in Planning, which were last considered in 2016	(0.018)	-	-	(0.018)	-	-	-
Communities and Place	Project Management - increase recharges	(0.070)	-	-	(0.070)	-	-	-
Communities and Place	Refuse - Reduction in supervisory team within refuse collection by 1FTE	(0.045)	-	-	(0.045)	1	-	1.0
Communities and Place	Reduced Regeneration activity budget spend	(0.040)	-	-	(0.040)	-	-	-
Communities and Place	Reduced staff revenue budget for Regeneration	(0.050)	-	-	(0.050)	3	-	3.0
Communities and Place	Review structure following leadership restructure	-	(0.065)	-	(0.065)	-	-	-
Communities and Place	Reduced costs for asset management	(0.200)	-	-	(0.200)	-	-	-
Communities and Place	Restructure of Economic Growth service	(0.088)	-	-	(0.088)	4.0	2.0	2.0
Communities and Place	Physical Activity Services being commissioned to meet health outcomes in the city	(0.216)	-	-	(0.216)	-	-	-
Communities and Place	Optimisation of capitalisation across Strategic Housing posts	(0.062)	-	-	(0.062)	-	-	-
Communities and Place	Review and reduce cleansing frequencies in Street Cleansing to reduce the size of the team and cost delivery	(0.145)	-	-	(0.145)	4.0	3.0	1.0
Communities and Place	Review of parking fees and reset to rates agreed pre-covid	-	(0.150)	-	(0.150)	-	-	-
Communities and Place	Review of residents parking, last reviewed in 2007, to £35 per annum with 20p increase in visitor passes	(0.150)	-	-	(0.150)	-	-	-
Communities and Place	Reinstatement of charges for toilets following capital improvement works	-	-	(0.015)	(0.015)	-	-	-
Communities and Place	Introduction of Moving Traffic Offences powers and enforcement	(0.050)	-	-	(0.050)	-	-	-
Communities and Place	Review of disabled parking bay demand pressures and introduction of charging	-	(0.005)	-	(0.005)	-	-	-
Communities and Place	Contract review and renegotiation	(0.060)	-	-	(0.060)	-	-	-
Communities and Place	Traffic and Transport efficiencies through digitalisation, utilisation of grant funding and service reconfiguration.	(0.090)	-	-	(0.090)	3.50	3.50	-
Communities and Place	Energy saving through additional capital investment in energy efficient infrastructure	-	(0.005)	(0.010)	(0.015)	-	-	-
Communities and Place	Re-forecast cost of the concessionary fare scheme based on current /predicted demand for public transport	(0.100)	-	-	(0.100)	-	-	-
Communities and Place	Reviewing our approach to waste collection of contaminated bins. Includes an additional 1 FTE	(0.050)	-	-	(0.050)	-	-	-
Communities and Place	Ensure that residents receive additional capacity if entitled to it	(0.025)	-	-	(0.025)	-	-	-
Communities and Place	Waste Disposal - renegotiating of waste contract to reduce the cost per tonnage	(0.200)	-	-	(0.200)	-	-	-
Communities and Place	Turnover Saving	(0.341)	-	-	(0.341)	-	-	-
Communities and Place	Review Approach to Planning / Regen / Property (and any other relevant area) – explore the potential to create a multi-disciplinary Urban/City Development Team (*unachievable saving see above)	0.100	-	-	0.100	-	-	-
<b>Total Communities and Place Proposed Savings:</b>		<b>(4.026)</b>	<b>(0.935)</b>	<b>(0.037)</b>	<b>(4.998)</b>	<b>35.90</b>	<b>12.90</b>	<b>23.00</b>
<b>TOTAL COMMUNITIES AND PLACE SAVINGS:</b>		<b>(5.066)</b>	<b>(1.295)</b>	<b>(0.037)</b>	<b>(6.398)</b>	<b>39.90</b>	<b>15.90</b>	<b>24.00</b>

## CORPORATE RESOURCES SAVINGS

Directorate	Savings	Saving £m				FTE Reduction 2023/24		
		23/24 £m	24/25 £m	25/26 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/CR
Existing Savings formally signed off by Full Council Meeting on 22nd February 2022:								
Corporate Resources	Absence management process redesign	(0.124)	-	-	(0.124)	-	-	-
Corporate Resources	Property Rationalisation	(0.100)	-	-	(0.100)	-	-	-
Corporate Resources	Existing Savings as part of 2020/21 MTFP Feb 20 Cabinet - Business Support DMC Document Management Centre (DMC) Additional Income Generation Saving as per 270919 Cabinet/CLT Workshop	(0.010)	-	-	(0.010)	-	-	-
Corporate Resources	Existing Savings as part of 2020/21 MTFP Feb 20 Cabinet - Property Services Disposal Increase Disposal of small land holdings one off	0.040	-	-	0.040	-	-	-
Corporate Resources	Management review of customer services and revenue and benefits	(0.045)	-	-	(0.045)	1.0	-	1.0
Corporate Resources	Review of Elections and Local Land Charges Services post completion of migration of Local Land Charges Register to HM Land Registry and move to four-yearly election cycle – June 2023	(0.050)	-	-	(0.050)	-	-	-
Corporate Resources	Deployment of the digital by default automation into revenues and benefits and the front door.	(0.100)	-	-	(0.100)	-	-	-
Corporate Resources	Portfolio Saving - External Advertising income	(0.030)	-	-	(0.030)	-	-	-
Corporate Resources	Portfolio Saving - Connect Buildings Rental (Be more commercial and avoid free lettings (this is not included in MTFP early years at this stage as there is a shortfall in the rental income of circa £300+ due to COVID)	(0.025)	(0.100)	-	(0.125)	-	-	-
Corporate Resources	Portfolio Saving - Health and safety (reversed One off saving- increased sold service income)	(0.020)	0.020	-	-	-	-	-
Corporate Resources	Portfolio Saving - Extra DWP and PPTS one off income	0.350	-	-	0.350	-	-	-
Corporate Resources	Portfolio Saving - Review Market Rate Supplement (Report from independent consultant due - prudent at this stage to split the saving)	(0.060)	-	-	(0.060)	-	-	-
Corporate Resources	Portfolio Saving - Deletion Architects posts (Net saving as will have to buy some specialist knowledge in)	(0.100)	-	-	(0.100)	-	-	-
Corporate Resources	Portfolio saving - maximise income/service review Saving: 1. Council House rental income - fast track arrangements to let parts of the Council House to partner organisations (£0.350m); 2. Sufficiency of car parking review is required - do we need what we have, is it in right place, the right offer etc	(0.140)	-	-	(0.140)	-	-	-
Corporate Resources	Portfolio Saving - Contract Management Saving: Contract Savings w/Contract Managers (2nd wave)	(0.250)	-	-	(0.250)	-	-	-
Corporate Resources	Portfolio Saving - Intelligence Led Council Saving: Project: SVOVC Stage 1 - Permanent saving through new ways of working in customer service and locality/neighbourhood working	(0.190)	-	-	(0.190)	-	-	-
Corporate Resources	Portfolio Saving - Intelligence Led Council Saving: Data Infrastructure - Reduction in demands & reconfiguration of intelligence resource	(0.125)	(0.375)	-	(0.500)	3.40	3.40	-
Corporate Resources	Consolidating IT resources within the Council to Corporate Core and redesign service	(0.100)	-	-	(0.100)	3.43	-	3.43
Total Existing Savings:		(1.079)	(0.455)	-	(1.534)	7.83	3.40	4.43
Corporate Resources Proposed Savings:								
Corporate Resources	Review of project management charging model (Change Derby)	(0.200)	-	-	(0.200)	-	-	-
Corporate Resources	Change Derby - reduction of business analysis	(0.042)	-	-	(0.042)	1.0	1.0	-
Corporate Resources	Change Derby - review of project manager funding	-	-	-	-	-	-	-
Corporate Resources	Service reconfiguration of Communications & Marketing	(0.067)	-	-	(0.067)	1.60	1.0	0.60
Corporate Resources	Review of Policy, Insight & Communications service offer	(0.058)	-	-	(0.058)	1.0	-	1.0
Corporate Resources	Increased recovery of chargeable services in Strategy & Performance	(0.033)	-	-	(0.033)	-	-	-
Corporate Resources	Reduction in corporate subscriptions	(0.013)	-	-	(0.013)	-	-	-
Corporate Resources	Reducing the opening hours of the general Council Services Front Door to 09:00 to 12:00, Monday to Friday, and redesign the Customer Centre to "Self Service" facilities. Facility for crisis presentation will still be supported	(0.065)	-	-	(0.065)	-	-	-
Corporate Resources	Reducing the opening hours of the general Council Telephone Service to 09:00 to 12:00, Monday to Friday, with calls diverted to Digital Service offers. Urgent services call provision remains in place	(0.041)	-	-	(0.041)	-	-	-



Directorate	Savings	Saving £m				FTE Reduction 2023/24		
		23/24 £m	24/25 £m	25/26 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/CR
Corporate Resources	Moving provision of main reception services to the concierge service between 09:00 and 12:00 and moving to self-service options at all other times	(0.017)	-	-	(0.017)	-	-	-
Corporate Resources	Moving the general contact email mailbox to a digital form, to make work flowing customer queries more efficient and bring in-line with common practice	(0.022)	-	-	(0.022)	-	-	-
Corporate Resources	Democracy – reduction in training budgets	(0.005)	-	-	(0.005)	-	-	-
Corporate Resources	Democracy - increase income target for school appeals	(0.010)	-	-	(0.010)	-	-	-
Corporate Resources	Democracy - removal of discretionary expenditure in relation to Councillors' attendance at external training and seminars, including travel expenses	(0.017)	-	-	(0.017)	-	-	-
Corporate Resources	Democracy - saving related to proposed restructure in Civic and Member Services	(0.066)	-	-	(0.066)	2.0	2.0	-
Corporate Resources	Elections and Local Land Charges - deletion of minor equipment expenditure budgets in Municipal Elections	(0.004)	-	-	(0.004)	-	-	-
Corporate Resources	Elections and Local Land Charges - ONE OFF SAVING 23/24 only - funding contribution from HM Land Registry for completion of the digitisation of the Local Land Charges Register	(0.027)	0.027	-	-	-	-	-
Corporate Resources	Elections and Local Land Charges - savings due to 4 yearly local elections from 23/24	-	(0.225)	-	(0.225)	-	-	-
Corporate Resources	Legal Services - deletion of two vacant Legal Officer posts	(0.083)	-	-	(0.083)	2.0	2.0	-
Corporate Resources	Legal Services - increase in the legal service recharge rate for undertaking commercial activity	(0.140)	-	-	(0.140)	-	-	-
Corporate Resources	Procurement - removal of the Category Management function within procurement.	(0.086)	-	-	(0.086)	2.0	1.0	1.0
Corporate Resources	Deletion of vacant Procurement Support Officer from team structure	(0.034)	-	-	(0.034)	1.0	1.0	-
Corporate Resources	Business Support - delete vacant Personal Assistant post	(0.030)	-	-	(0.030)	1.0	1.0	-
Corporate Resources	Business Support – service efficiencies from operational changes in provided offer	(0.049)	-	-	(0.049)	-	-	-
Corporate Resources	Cross Council review and integration of Business Support functions - Centralisation of admin and finance functions into the business support operating model. This will include efficiencies and new operating models from the new Financial Management System	(0.500)	(0.287)	-	(0.787)	20.0	-	20.0
Corporate Resources	Financial Services - Deletion of Housing Benefit administration post	(0.028)	-	-	(0.028)	1.0	1.0	-
Corporate Resources	Financial Services - Utilise grants to fund accountancy support	(0.100)	-	-	(0.100)	-	-	-
Corporate Resources	Accountancy - reduction of 3 Accountancy Officer posts	(0.111)	-	-	(0.111)	3.0	3.0	-
Corporate Resources	Adjustment to the Council's Microsoft Licenses to reflect a reduced workforce	(0.075)	-	-	(0.075)	-	-	-
Corporate Resources	Further savings by modification, cancellation, or re-letting IT contracts	(0.050)	-	-	(0.050)	-	-	-
Corporate Resources	Consolidating IT resources within the Council to Corporate Core and redesign service	(0.150)	-	-	(0.150)	4.0	-	4.0
Corporate Resources	Cancel licenses for Microsoft Project tools and replace with free to use software	(0.020)	-	-	(0.020)	-	-	-
Corporate Resources	Cancel licenses for Microsoft Visio tools and replace with free to use software	(0.010)	-	-	(0.010)	-	-	-
Corporate Resources	Expected savings by retendering of the Council wide area data network and broadband services	-	-	(0.100)	(0.100)	-	-	-
Corporate Resources	Withdraw IT telephone internal support services and replace with mandated digital self-service options and/or drop-in clinics	(0.065)	-	-	(0.065)	1.81	1.81	-
Corporate Resources	Community Managed Libraries – Asset transfer or dispose of former non-statutory library buildings following review of CML to a localities approach	-	(0.025)	-	(0.025)	-	-	-
Corporate Resources	Connect Derby - Vacant post saving	(0.012)	-	-	(0.012)	0.40	0.40	-
Corporate Resources	Corporate Health and Safety - Increase income from school buy back and change vacant H&S Adviser post into H&S auditor post	(0.015)	-	-	(0.015)	-	-	-
Corporate Resources	Estates & Property Review - Income generation	(0.020)	-	-	(0.020)	-	-	-
Corporate Resources	Estates & Property Review - Vacant Post Saving	(0.026)	-	-	(0.026)	1.0	1.0	-
Corporate Resources	Facilities Management - Redesign Service and Frequency of FM Services to Corporate Buildings - savings equates to a 10% saving	(0.088)	-	-	(0.088)	4.0	-	4.0
Corporate Resources	Festive Lights - Removal of the Christmas Presents from the Market Place Christmas Offer post-Christmas 2022	(0.033)	-	-	(0.033)	-	-	-
Corporate Resources	Facilities Management / Business Support – savings resulted from closure of buildings (Ashtree House, Stanley Road, Curzon House)	(0.060)	-	-	(0.060)	-	-	-

Directorate	Savings	Saving £m				FTE Reduction 2023/24		
		23/24 £m	24/25 £m	25/26 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/CR
Corporate Resources	Property Repair and Maintenance Revenue Budget - essential reactive maintenance only approach. To review the impact of not undertaking essential repairs to the council's property assets focusing on keeping buildings safe or closure where repairs are not affordable	(0.075)	(0.075)	(0.075)	<b>(0.225)</b>	-	-	-
Corporate Resources	Human Resources and Organisational Development Service review	-	(0.028)	-	<b>(0.028)</b>	-	-	-
Corporate Resources	Human Resources and Organisational Development Service review and reduction of 6.71 FTEs	(0.310)	-	-	<b>(0.310)</b>	<b>6.71</b>	4.71	2.0
Corporate Resources	Online performance management process review	(0.032)	-	-	<b>(0.032)</b>	-	-	-
Corporate Resources	Internal Audit - Reduce Internal Audit Coverage by 10% (145 days) and reduction in commissioned audit days	(0.123)	-	-	<b>(0.123)</b>	<b>0.70</b>	-	0.70
Corporate Resources	Increase in Turnover target from 5% to 6%	(0.317)	-	-	<b>(0.317)</b>	-	-	-
Corporate Resources	Property - Connect Buildings Rental (unachievable savings)	0.040	0.100	-	<b>0.140</b>	-	-	-
<b>Total Corporate Resources Proposed Savings:</b>		<b>(3.289)</b>	<b>(0.780)</b>	<b>(0.175)</b>	<b>(4.244)</b>	<b>54.22</b>	<b>20.92</b>	<b>33.30</b>
<b>TOTAL CORPORATE RESOURCES SAVINGS:</b>		<b>(4.368)</b>	<b>(1.235)</b>	<b>(0.175)</b>	<b>(5.778)</b>	<b>62.05</b>	<b>24.32</b>	<b>37.73</b>

#### CORPORATE SAVINGS

Directorate	Savings	Saving £m				FTE Reduction 2023/24		
		23/24 £m	24/25 £m	25/26 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/CR
Existing Savings formally signed off by Full Council Meeting on 22nd February 2022:								
Corporate	Scape Dividend	0.250	-	-	0.250	-	-	-
Total Existing Savings:		0.250	-	-	0.250	-	-	-
Corporate Proposed Savings:								
Council Wide	Senior Management Restructure	(0.750)	-	-	(0.750)	10.36	4.36	6.0
Total Corporate Proposed Savings:		(0.750)	-	-	(0.750)	10.36	4.36	6.0
TOTAL CORPORATE SAVINGS:		(0.500)	-	-	(0.500)	10.36	4.36	6.0

<b>TOTAL SAVINGS:</b>	<b>(16.196)</b>	<b>(3.562)</b>	<b>(0.212)</b>	<b>(19.970)</b>	<b>140.11</b>	<b>61.20</b>	<b>78.91</b>
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**PEOPLES SERVICES - AH PRESSURES**

Directorate	Pressures	Pressures			
		23/24 £m	24/25 £m	25/26 £m	Total £m
Existing Pressures formally signed off by Full Council Meeting on 22nd February 2022:					
People Services - AH	Demographic Social Care and NLW pressures	1.400	0.950	-	2.350
People Services - AH	Better care fund adjustment	(0.040)	-	-	(0.040)
Total Existing Pressures:		1.360	0.950	-	2.310
Peoples Services – AH Proposed Pressures:					
People Services - AH	Preparing For Adulthood - complex clients coming from CYP	2.316	1.000	-	3.316
People Services - AH	Demographic and Living Wage over and above £1.4m in existing pressures	0.696	1.516	-	2.212
People Services - AH	NLW pressure	2.700	-	-	2.700
People Services - AH	ASC Pressures responsibilities to be funded ASC grants to be announced in settlement and future years settlement	-	6.222	5.000	11.222
Total Peoples Services – AH Proposed Pressures:		5.712	8.738	5.000	19.450
TOTAL PEOPLE SERVICES - AH PRESSURES:		7.072	9.688	5.000	21.760

**PEOPLES SERVICES - CYP PRESSURES**

Directorate	Pressures	Pressures			
		23/24 £m	24/25 £m	25/26 £m	Total £m
Existing Pressures formally signed off by Full Council Meeting on 22nd February 2022:					
People Services - CYP	Reduction/Slippage to Existing Pressures - DSG Pressure	0.300	-	-	0.300
People Services - CYP	Agency Residential - Pressure on placements budget	(1.200)	-	-	(1.200)
Total Existing Pressures:		(0.900)	-	-	(0.900)
Peoples Services - CYP Proposed Pressures:					
Peoples Services - CYP	Adoption - increased cost of Regional Adoption Agency	-	0.056	-	0.056
Peoples Services - CYP	Children in Care - staying put and statutory maintenance allowances	1.000	-	-	1.000
Peoples Services - CYP	Legal costs - potential barristers fees for complex cases	0.100	-	-	0.100
Peoples Services - CYP	Agency social worker and unfunded posts	0.200	-	-	0.200
Peoples Services - CYP	Commissioning - Home to School Transport	4.500	2.000	-	6.500
Peoples Services - CYP	IDCS - non-pool	0.235	-	-	0.235
Peoples Services - CYP	Children Placements	4.500	-	-	4.500
Peoples Services - CYP	Review of HRA contributions for contributions towards care leavers personal assistants (unachievable saving 2022/23)	0.150	-	-	0.150
Total Peoples Services – CYP Proposed Pressures:		10.685	2.056	-	12.741
TOTAL PEOPLE SERVICES - CYP PRESSURES:		9.785	2.056	-	11.841

## COMMUNITIES AND PLACE PRESSURES

Directorate	Pressures	Pressures			
		23/24 £m	24/25 £m	25/26 £m	Total £m
Existing Pressures formally signed off by Full Council Meeting on 22nd February 2022:					
Communities and Place	Removal of Queens Leisure Centre Income pressure	-	(0.210)	-	(0.210)
Communities and Place	Market Hall mobilisation expenses	0.177	-	-	0.177
Total Existing Pressures:		0.177	(0.210)	-	(0.033)
Communities and Place Proposed Pressures:					
Communities and Place	Fleet - Increased fuel cost	0.150	-	-	0.150
Communities and Place	Tourism - Additional hours (across 3 posts) to Develop the Tourism Service to Support Recovery of the City and the Ambition to be a Future UK City of Culture	0.037	-	-	0.037
Communities and Place	Springwood Leisure Centre - NNDR shortfall	0.026	-	-	0.026
Communities and Place	Climate Change and built environment - 2 new staff in 22/23 £65k or full year effect is £106k. £56k TRAMPS income not achievable. £67k inherent budget pressure.	0.106	-	-	0.106
Communities and Place	Street Lighting PFI - increased electricity costs	0.500	-	-	0.500
Communities and Place	Libraries - review of CML to a localities approach	0.217	(0.042)	-	0.175
Communities and Place	Bereavement Service - 22/23 unachieved saving	0.300	-	-	0.300
Communities and Place	Delayed review of waste collection service	0.500	-	-	0.500
Communities and Place	Events - Cycle Race tour series	0.020	-	(0.020)	0.000
Communities and Place	Community Safety Localities - Increase neighbourhood board funding	0.085	-	-	0.085
Communities and Place	Future posts headroom	-	0.100	0.100	0.200
Communities and Place	Christmas Offer	0.200	(0.050)	-	0.150
Communities and Place	Reinstate Neighbourhood Officers	0.217	(0.109)	-	0.108
Communities and Place	Coronation & Other Events	0.021	(0.021)	-	-
Total Communities and Place Proposed Pressures:		2.379	(0.122)	0.080	2.337
TOTAL COMMUNITIES AND PLACE PRESSURES:		2.556	(0.332)	0.080	2.304

## CORPORATE RESOURCES PRESSURES

Directorate	Pressures	Pressures			
		23/24 £m	24/25 £m	25/26 £m	Total £m
Existing Pressures formally signed off by Full Council Meeting on 22nd February 2022:					
Corporate Resources	Microsoft Enterprise Renewal and New Enablement Requirements – Additional price of licenses	0.106	0.124	-	0.230
Corporate Resources	Advance Cyber Defence of the Council (Asset Management, SIEM Real Time Assurance)	0.450	-	-	0.450
Corporate Resources	Advance Cyber Defence of the Council (Skills / Resource / Managed Services)	0.130	-	-	0.130
Corporate Resources	Unified Telephony (Teams, Office and Call Centre) – phone exchange for people making external calls	0.138	-	-	0.138
Corporate Resources	Unified Telephony (Dual Running / Changeover Costs)	0.140	(0.140)	-	-
Corporate Resources	Democratic Services - Jubilee One off budget	(0.075)	-	-	(0.075)
Total Existing Pressures:		0.889	(0.016)	-	0.873
Corporate Resources Proposed Pressures:					
Corporate Resources	Democracy - Electoral Services/ Land Charges - postage costs for register of electors	0.040	-	-	0.040
Corporate Resources	Democracy - Electoral Services/ Land Charges - COF admin grant no longer available	0.044	-	-	0.044
Corporate Resources	Unfunded Members allowance 5.4% increase pressure in 22/23	0.055	-	-	0.055
Corporate Resources	Insurance - increased insurance premiums	0.150	-	-	0.150

Corporate Resources	Council Tax Hardship Fund	0.050	0.200	-	<b>0.250</b>
Corporate Resources	Business Support - Inflation - Royal Mail	0.025	-	-	<b>0.025</b>
Directorate	Pressures	Pressures			
		23/24 £m	24/25 £m	25/26 £m	Total £m
Corporate Resources	Analog to digital switch-over	0.150	-	-	<b>0.150</b>
Corporate Resources	Property - unachieved saving due to delayed closure of QLC	0.225	-	-	<b>0.225</b>
Corporate Resources	Property - unachieved saving Council House rent	0.210	-	-	<b>0.210</b>
Corporate Resources	IHub Pressure as per December Cabinet Addendum	0.103	-	-	<b>0.103</b>
Corporate Resources	Housing Benefit Supported Exempt accommodation - balancing figure to fund part of pressure	0.086	-	-	<b>0.086</b>
Corporate Resources	Housing Benefit Supported Exempt accommodation - further pressure	0.276	-	-	<b>0.276</b>
<b>Total Corporate Resources Proposed Pressures:</b>		<b>1.417</b>	<b>0.200</b>	-	<b>1.617</b>
<b>TOTAL CORPORATE RESOURCES PRESSURES:</b>		<b>2.306</b>	<b>0.184</b>	-	<b>2.490</b>

## **CORPORATE PRESSURES**

Directorate	Pressures	Pressures			
		23/24 £m	24/25 £m	25/26 £m	Total £m
Existing Pressures formally signed off by Full Council Meeting on 22nd February 2022:					
Corporate	Treasury Management requirement to fund borrowing	3.070	-	-	3.070
Corporate	Pressure Treasury Management Review based on capital requirement (caveat treasury management/capital budgets will continue to be reviewed in line with the capital programme)	(0.148)	2.174	-	2.026
All Directorates	Removal of pressure – Covid	(0.067)	-	-	(0.067)
Total Existing Pressures:		2.855	2.174	-	5.029
Corporate Proposed Pressures:					
Corporate	Electricity Inflationary Pressure	1.729	-	-	1.729
Corporate	Gas Inflationary Pressure	0.299	-	-	0.299
Corporate	Pay Inflation	6.699	1.782	1.845	10.326
Corporate	Treasury Management requirement to fund borrowing	-	1.000	3.000	4.000
Total Corporate Proposed Pressures:		8.727	2.782	4.845	16.354
TOTAL CORPORATE PRESSURES:		11.582	4.956	4.845	21.383

<b>TOTAL PRESSURES:</b>	<b>33.151</b>	<b>16.552</b>	<b>9.925</b>	<b>59.628</b>
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## Summary of Reserves Movement as at 31st December 2022

Statement of Reserves	2022/23 Opening Balance £m	In Year Movement £m	2022/23 Commitments £m	2022/23 Closing Balance £m	Future Years Commitments £m	Ringfenced £m	Future Years Closing Balance £m
<b>General Fund</b>							
Unallocated General Fund Balance	(8.933)	-	-	(8.933)	(5.278)	-	(14.211)
Balances Held By Schools	(8.577)	(0.994)	1.500	(8.071)	1.500	6.571	-
Budget Risk Reserve	(20.522)	0.645	17.387	(2.490)	(0.086)	-	(2.576)*
<b>TOTAL</b>	<b>(38.032)</b>	<b>(0.349)</b>	<b>18.887</b>	<b>(19.494)</b>	<b>(3.864)</b>	<b>6.571</b>	<b>(16.787)</b>
<b>Revenue Earmarked Reserves</b>							
Covid-19 Reserve	(2.265)	-	2.265	-	-	-	-
General Insurance Reserve	(2.658)	-	-	(2.658)	-	-	(2.658)
Trading Services Reserve	(0.039)	-	0.039	-	-	-	-
Year-end grants with restrictions	(4.235)	-	4.009	(0.226)	0.127	0.099	-
DEGF Interest Reserve	(0.207)	(0.012)	0.057	(0.162)	0.162	-	-
Regeneration Fund Reserve	(0.917)	-	0.315	(0.602)	0.602	-	-
Assembly Rooms Reserve	(2.090)	-	1.000	(1.090)	1.090	-	-
Delivering Change Reserve	(0.941)	-	0.941	-	-	-	-
Business Rate Pilot Reserve	(0.083)	0.033	0.050	-	-	-	-
Collection fund deficit smoothing reserve	(8.208)	-	7.147	(1.061)	1.061	-	-
Treasury Management Reserve	(2.759)	-	(0.950)	(3.709)	3.709	-	-
Public Health Reserve	(3.869)	-	-	(3.869)	-	3.869	-
Adult Social Care Reserve	(2.435)	-	0.060	(2.375)	0.596	1.780	-
Capital Feasibility Reserve	(0.527)	-	0.423	(0.104)	-	-	(0.104)
Pay and Inflation Reserve	(1.200)	-	1.200	-	-	-	-
Cost of Change Reserve	-	-	(4.000)	(4.000)	4.000	-	-
Other Service Reserves	(9.720)	0.389	3.888	(5.443)	2.382	0.115	(2.946)
PFI Reserves	(29.767)	(0.210)	3.494	(26.483)	26.483	-	-
Earmarked Reserves to support the capital programme	(2.060)	0.210	0.081	(1.769)	-	1.432	(0.337)
<b>TOTAL</b>	<b>(73.980)</b>	<b>0.410</b>	<b>20.019</b>	<b>(53.551)</b>	<b>40.212</b>	<b>7.295</b>	<b>(6.044)</b>
<b>Housing Revenue Account (Ringfenced)</b>							
Housing Revenue Account (Ringfenced)	(45.960)		2.702	(43.258)	-	43.258	-
Major Repairs Reserve	(1.625)		-	(1.625)	-	1.625	-
Other Earmarked HRA Reserves	-		-	-	-	-	-
<b>TOTAL</b>	<b>(47.585)</b>	<b>-</b>	<b>2.702</b>	<b>(44.883)</b>	<b>-</b>	<b>44.883</b>	<b>-</b>

## **Section 25 Report of the Section 151 Officer on the Robustness of Estimates and on the Adequacy of Reserves 2023/24 – 2025/26**

### **Purpose**

- 1.1 The Council's Medium Term Financial Plan (MTFP) has been prepared with consideration to the resources available to the Council and to the demands and priorities included within the Council Plan with a focus on sustainability in the medium term.
- 1.2 The MTFP process incorporates a review of current levels of reserves to ensure there is adequate cover for current and future planned needs and unforeseen eventualities and it identifies any reserves which can be released to support the delivery of our three-year MTFP.
- 1.3 This report provides an opinion under Section 25 (1) of the Local Government Act 2003 which requires the Section 151 officer to report to Council on the robustness of the MTFP estimates made for the purposes of the budget calculations and the adequacy of Council reserves.

### **Recommendations**

- 2.1 To consider and note the Chief Finance Officer's opinion that the estimates used in the production of the MTFP for 2023/24 – 2025/26 and the level of reserves and balances are robust prior to the Council determination of its budget requirement and setting of Council Tax.

### **Reasons**

- 3.1 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report to the Council on the robustness of the estimates it makes when calculating its budget requirement under Section 32 of the Local Government Finance Act 1992 and on the adequacy of its proposed financial reserves.
  - 3.1.2 Under Section 26 (2) of the Local Government Act 2003, it is not considered appropriate for the balance of the Council's General Fund reserve to be less than the minimum amount determined by an appropriate person, in this case the Section 151 Officer as Chief Finance Officer.
  - 3.1.3 Whilst the requirements of the Local Government Act 2003 relate specifically to setting the Budget and Council Tax for the next financial year, these can be more widely interpreted to include the full MTFP period.

## Supporting information

- 4.1 Section 25 of the Local Government Finance Act 2003 requires that when a local authority is agreeing its annual budget and council tax precept, the Chief Finance Officer (S151 Officer) must report to it on the following matters:

- The robustness of the estimates made for the purposes of the (council tax requirement) calculations
- The adequacy of the proposed financial reserves

The Council is required to have due regard to this report when making decisions on the budget. Councillors should consider this advice prior to the setting of the Council's budget requirement and setting of Council Tax.

- 4.1.1 In expressing my opinion, I have considered the financial management arrangements and control frameworks that are in place, the budget assumptions, the adequacy of the budget process, the financial risks facing the Council and the level of total reserves.

- 4.1.2 Section 25 of the Local Government Act 2003 concentrates primarily on the uncertainty within the budget year (i.e. 2023/24). However, despite future economic uncertainties arising from the cost-of-living crisis and future macro-economic forecasts the Council is proposing a 3-year MTFP. The MTFP currently have gaps in Year 2 and Year 3. The assessment therefore considers the delivery of savings and the increasing pressures in demand driven services over this period and the adequacy of reserves and balances in the medium term.

### 4.1.3 **The Medium-Term Financial Plan And Budgetary Controls**

The purpose of the Medium-term Financial Strategy is to provide information to all of its stakeholders on the Council's planned expenditure and financing over the medium term. Source of Council funding has altered in recent years with a greater proportion of overall funding coming from Council Tax and Business Rates and less from Revenue Support Grant. Alongside this the Council continues to experience high levels of demand for its statutory services and the pandemic impact on services, income, and resilience. The combination of all of these factors means planning for services against an uncertain national and local context has been extremely challenging.

- 4.1.4 The council is seeking cabinet approval on 15th February 2023 to set a balanced budget for 2023/24 with an identified budget gap for 2024/25 of £8.536m rising to £17.195m for 2025/26.



- 4.1.5 The Council carried out a detailed consultation exercise from 22<sup>nd</sup> December 2022 to 26<sup>th</sup> January 2023 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 the Budget Setting report 2023/24 report presented as a separate item to this Cabinet. The Council ensures it pays due regard to its Public Sector Equality duty during the planning process by completing Equality Impact Assessments. Proposals are assessed to understand the potential impact on any particular group that could result in direct or indirect discrimination.
- 4.1.6 During 2022/23 the Council has experienced some significant unplanned increases in demand and costs for its statutory services, this was by no means unique to Derby and can be seen across local government nationally. The council continues to operate spending panels and challenges any expenditure proposals above £0.001m, the spend limit across the council has been reviewed and subsequently reduced from £0.005m to £0.001m in an effort to curb spend.
- 4.1.7 There has been a need to call upon reserves in 2022/23 to mitigate the pressures the council faces as a result of the increased demand for services, reduced income and inflationary pressures, a reliance on reserves that cannot be sustained in the medium term. The councils forecast level of reserves have reduced at this time of economic uncertainty; improving the reserves position must be a key priority to ensure financial resilience going forward.
- 4.1.8 It is clear across Local Government and locally that the approach to financial planning requires a fundamental shift with a focus on financial sustainability, working in partnership and changing historic budget allocation to align with priority outcomes.
- 4.1.9 Due to the level of savings required in the 2023/24 – 2025/26 MTFP, there will be regular and ongoing service reviews however due to the significant reduction in the level of reserves held by the council service areas will need to be mitigate any underachievement of savings or unidentified pressures in the first instance within the relevant service areas by identifying available resources or redirecting priorities. The status of saving achievement will be reviewed and reported to cabinet through quarterly revenue monitoring.

There may be one-off costs required to support the delivery of these changes, cabinet have approved the creation of the Cost of change Reserve, which will be used to fund one off redundancy and pension costs.

#### 4.1.10 **The Robustness of Estimates**

In order to satisfy the legislative requirements of Section 25 of the Local Government Act 2003, there are a number of issues which have been taken into account to enable the Section 151 Officer as Chief Finance Officer to make a positive statement on the robustness of estimates. These include:

- The process undertaken in developing the 2023/24 – 2025/26 MTFP
- The financial risks that the Council is exposed to
- The reserves available to offset unplanned expenditure and the level of the Council's reserves and balances
- The past performance of the Council in respect of budgetary control and financial management.

4.1.11 There are a number of key controls that we have built into the MTFP process to ensure that the budget is accurate and robust. Proposals are subject to several tiers of formal peer review and independent challenge with Cabinet members to ensure that they are accurate and deliverable.

4.1.12 The MTFP also identifies and considers the key financial risks that the Council is facing over the three-year period – these were detailed in the 21<sup>st</sup> December Cabinet Report. Detailed estimates are developed to mitigate identified budgetary pressures. The key service pressures identified through this process include inflation, demographic growth, transferred service liabilities, increasing costs and a reduction in the level of income received from fees and charges due to market conditions.

#### Budget Consultation

4.1.13 The Council have also identified a number of potential, future liabilities, which will be managed through our risk management process and associated governance. It is not considered appropriate to create a formal budget for these risks as this would 'ring-fence' resources that might not be required. An assessment of material risks has therefore been made as part of determining the adequacy of reserves for 2023/24.

4.1.14 All estimates of pressures, savings and inflationary increases have been produced by professional staff in the relevant service that assess the financial implications in detail, before being reviewed by the Senior Leadership Team and Cabinet Members. The accuracy of these estimates is a vital part of ensuring that the budget is robust.

4.1.15 A number of key judgements have been made in arriving at the anticipated levels of pressures, savings and inflation included within the MTFP. These include:

- Detailed analysis of appropriate inflationary indices, based on type of spend and current national forecasts
- Service analysis of demographic changes based on the latest information available and expert knowledge of individual services
- Review of savings proposals and supporting financial assumptions and calculations.

- 4.1.16 Appendix 1 provides a sensitivity analysis of specific budgetary risks identified, including details of the current mitigating actions in place to help ensure the risk is appropriately managed.
- 4.1.17 To mitigate the increased risk of holding a minimum level of corporate contingency, the Council has previously held an increased level within the budget risk reserve. However, over the recent years this balance has reduced significantly as a result of using the reserve to fund one off pressures and in year over spends – this cannot be sustained going forward. There remains the risk that the level of reserves held will be in-sufficient, given the volatile economic climate.

The Council had planned a transfer to the Budget Risk Reserve of £2m in 2023/24 and £1m in 2024/25 following cabinet approval on 9<sup>th</sup> February 2022, however, this has been reviewed by the Section 151 officer in the current MTFP and the planned transfers are planned a year later and are outlined in section 7.1.2.

The balance held will need to be sufficient to meet the risk associated in Appendix 1 during the MTFP period. This will allow time for alternative solutions to be identified. Any release of budget risk reserve to support such pressures will be carried out in line with the Council's Financial Procedure Rules and the Reserves Strategy.

- 4.1.18 An allocation of funding had also been included in the 2022/23-2024/25 MTFP to increase the General Fund Reserve to 5% of the net budget requirement by 2024/25, however this has been reviewed by the Section 151 officer in the current MTFP and the planned transfers are outlined in section 7.1.2. The future years forecast balance is £14.211m however work on the MTFP is ongoing and as plans are adapted to deal with change the future years net budget requirement will also change which will have an impact on the balance required to be transferred to the general fund to maintain a level of 5%.

4.1.19 **The Adequacy of Reserves**

The Council's financial environment is subject to volatility, as are the demands on services and the needs of the City's population and environment. The Council updates its priorities in response to these issues. Reserves balances and the use of reserves are therefore an important part of the Council's financial strategy. They are held to help manage the long-term budgetary stability and allow the Council to be able to change without undue impact on Council Tax income forecasts. The adequacy of the Council's General Fund Balance is also a key indicator for the robustness of the budget as a whole, as it provides assurance that potential financial impact of variations to budgets can be managed.

- 4.1.20 Reserves are set at a level that recognises the financial risks facing the Council. The greater the level of uncertainty, the more likely reserves will be needed. The Council prepares its budget using the best information available at the time but inevitably includes some uncertainty. In setting the budget, it is important that Cabinet take account of the uncertainties involved, both in establishing a suitable level of balances and contingencies, and in setting an overall strategy for the budget and medium-term financial plan.

- 4.1.21 A prudent approach needs to be maintained between holding too much and too little money in reserves. If reserves are too low, this increases the Council's exposure to risk and endangers its capacity to deliver priorities in a planned and prudent fashion. Cost of living crisis, Demand led services, Major Projects, an environment of ever-changing legislative requirements, combined with delays in Government Funding reviews all challenge financial stability. However, money held unnecessarily in reserves is not being spent on front line services and the public may not receive full value for money. The Council therefore regularly reviews the reserves position to ensure reserves remain adequate.
- 4.1.22 In coming to a view on the adequacy of the reserves, it is necessary to take into account a number of issues that are discussed more fully in Appendices 3 and 4. In summary they include:
- The purpose of holding reserves
  - The risks and uncertainties that may have financial consequences
  - The potential financial impact of these risks and uncertainties
  - The likelihood of the risks and uncertainties arising.
- 4.1.23 The Council's main revenue reserve for general purposes is the General Fund Balance. This is set aside to support the management of risks in the Revenue Budget and could be used for any purpose if required. However, the General Fund Balance represents the minimum level of reserves that the Council should hold and any planned use of this reserve would be considered to undermine the robustness of the Council's budget.
- 4.1.24 The Council's previous policy is to hold a General Fund Balance between 3% and 5% of the net budget requirement to mitigate the financial impact of major events.
- The report also reported that the General Fund Balance should be set at a prudent and not excessive level, as holding a high level of reserves can impact on resources and performance. The projected value of the Council's General Fund balance at 31 March 2023 is £8.933m; this is equivalent to 3.14% of the 2023/24 net budget requirement and is therefore within the recommended target range.
- 4.1.25 Each individual Council-controlled school in Derby also has its own financial reserve, collectively known as 'School Balances.' School balances are delegated directly to schools and are not available to the Council for general use. The uses of any surplus balances are considered by the Council's Schools Forum on an annual basis. The projected value of the Council's School Balances at 31st March 2023 is £8.071m.
- 4.1.26 The Council also holds a number of earmarked reserves to fund specific projects, or to manage risks or uncertainty in specific areas.

- 4.1.27 In the unlikely event of a significant financial loss which cannot be addressed through the Council's budget risk reserve, the Council could look to reallocating its other Revenue Earmarked Reserves. The year-end 2022/23 forecast reserves balance (excluding Budget Risk Reserve, HRA ring-fenced balances, the general fund reserve and school balances) as at 31st December 2022 is £53.551m of which £47.507m is committed in future years, resulting in future years forecast balance of £6.044m, as shown in Appendix 6 in the MTFP report.
- 4.1.28 The reserves position represents a risk to the Council with current in year overspends significantly reducing the availability of reserves. The Section 151 Officer may have to reprioritise and reduce commitments within these to mitigate unplanned changes and pressures.
- 4.1.29 The council will continue to reprioritise and review reserve commitments on a quarterly basis and have identified the improvement of the reserves position as a fundamental priority to ensure financial resilience.

## **5.1 Dedicated Schools Grant**

As outlined in section 6 of the MTFP report, the current regulations stipulate that a deficit on the DSG must be carried forward to be funded from future DSG income. The Council is forecasting that the current DSG Deficit position for 2022-23 remains, as a result of continuing pressures within High Needs with regards to both demand and costs that continue to outstrip the increase in funding. The Council continues to develop and implement its reforms for High Needs to bring expenditure more in line with grant allocations, with the requirement to provide the Department of Education with a formal deficit management plan that will set out the routes to recovery. The regulations which require the negative balance on the High Needs DSG Reserve to be held in an unusable reserve has been extended with the statutory override for the DSG is to be extended for the next three years, from 2023/24 to 2025/26. After the proposed extension of the regulations there is the potential for the balance on the reserve to transfer back to the Council's total Earmarked Reserves. If deficit continues it would materially impact on the overall level of reserves post the statutory override extension it could lead to a position for the Council where its total earmarked reserves were insufficient or indeed negative, and the financial standing of the council put at risk. In this scenario, the council would need to take action to address the position. The current extension of the regulations means the position could impact on decisions in the latter part of the medium term.

## **6.1 Summary Section 25 Opinion**

The financial resilience of the Council continues to be impacted upon by the current economic climate, Covid legacy and increasing Demand, especially Social Care. The need to draw on reserves to fund the projected overspend in 2023/24 mean that whilst minimum levels of reserves recommended in my Section 25 report are met, there is effectively no 'headroom' for future drawdowns to support the Council's budget or future in-year overspends.

The proposed budget has been prepared to propose a balanced budget with no drawdown of reserves on a recurrent basis. This was essential noting the expected level of reserves in April 2023 and is informed by delivery plans which have been prepared and assessed for their delivery. There is a risk of non-delivery of savings and/or externally determined costs pressures (for example, pay award) that will require in-year mitigations as the overall financial position of the MTFP did not provide headroom for creation of specific contingencies for the above.

The levels of reserves, balances and contingencies held are in my opinion adequate to approve the budget requirement for 2023/24. However, assumptions around the adequacy of reserves is based on alternative mitigating savings being found by savings owners if initial proposals cannot be met.

To support future financial resilience and sustainability it is essential that the Council

- (a) Identifies plans to delivery savings to address the indicative Budget Gaps for 2024/25 and 2025/26 and model financial scenarios linked to cost, demand and delivery
- (b) Continue tight financial management through Spending Review Panels and Effective Scrutiny

- (c) Make planned contributions to reserves in future years, detailed in this report to improve the financial resilience of the Council

In summary, the estimates are sufficiently robust and level of reserves are adequate in my opinion to allow the Council to set the Revenue Budget, Capital Programme, HRA Budget, Dedicated Schools Grant and Council tax for 2023/23.

**BUDGET RISK RESERVE RISK ASSESSMENT 2023/24 – 2025/26**

<b>Risk Description</b>	<b>Controls in Place</b>	<b>Proposed Management Actions</b>	<b>Calculation</b>	<b>Estimated Risk Value (mid-point)</b>
Variation from Estimates – Inflation	The Council bases its inflation provisions on multiple indices, which are regularly monitored for accuracy and relevance. A large proportion of the inflation increase is due to contractual arrangements, many of which include known inflationary indices.	Inflation levels are monitored, with assumed future levels built into the MTFP process. The Budget Risk reserve is available to offset minor variations.	5% - 15% variation in assumed levels of inflation excluding payroll inflation as this has been agreed 22/23 and included in budget requirements.	£255,798
Variation from Estimates – Other Pressures	MTFP pressures accurately show levels of pressures and related risks and effects. Early budget-setting allows services to better plan savings into their forward budgets.	Pressures are continually monitored, and Directorates will seek to contain emerging pressures. Any additional financial impact, and supporting explanations, would be reported to Members.	Nominal Allocation	£500,000
Estimated slippage of specific savings targets	MTFP savings proposals show levels of savings achievable and related risks and effects. These are based on the latest information available. Early budget-setting allows services to better plan savings into their forward budgets.	Savings are continually monitored, and Directorates will seek to contain any unachievable savings. Any additional financial impact, and supporting explanations, would be reported to Members.	(3 months delay on 25% of savings targets)	£1,034,625
Unidentified future pressures/Emergency pressures including Property Maintenance/COVID	Early warnings through horizon scanning and monthly revenue monitoring.	The ability to address these issues has been limited because global pressures and corporate contingencies have been reduced in the MTFP in previous years. They will therefore have to be	Nominal Allocation	£500,000



		addressed in year, as they arise. The number and financial impact of such occurrences has been rising each year.		
<b>Minimum level of Budget Risk Reserve required</b>				<b>£2,290,423</b>
<b>Projected Budget Risk Reserve as at 31 March 2023*</b>				<b>£2,490,000</b>

*\* Future years budget risk reserve commitments are forecast at (£0.086m), this is reliant on the replenishment of £3.0m in future years in the 2024/25 - 2025/26 MTFP.*

## GENERAL FUND RESERVES RISK ASSESSMENT

Area of Risk	Risk Description	Controls in Place	Calculation	Estimated Risk Value (£m)
Civil Emergencies	The risk of significant floods or fires etc, to cover immediate cash flow requirements prior to possible Bellwin Scheme payments	In practice such events are outside of the scope of management control. However, in the event of a civil emergency or disaster, the Council may be eligible for some relief funding from Central Government through the Bellwin Scheme.	Nominal Allocation	£1,000,000 to £2,000,000
Contract Compliance & Retendering	Risk of challenge post contract award	Detailed contract procedure rules in place and the Council has a dedicated procurement team to provide robust internal challenge to contracting and tendering processes.	Contract value based on £100m x 1% risk x 20% fine. Plus £0.1m retendering cost	£300,000
Impact of Partner Funding	Pressure on Council budget if partner funding is withdrawn from critical services which require, as a minimum, continuation funding for a short-term period.	The Council works closely with key partners to develop forward looking plans, including discussions regarding funding.	6 months funding cover of a range of £0.5m to £1m risk	£250,000 to £500,000
Business Critical Systems	Cost involved in setting up alternative arrangements to ensure legal obligations are	Detailed emergency plans in place and subject to regular review.	Nominal Allocation	£250,000 to £1,000,000

Area of Risk	Risk Description	Controls in Place	Calculation	Estimated Risk Value (£m)
	met, including emergency payments and additional staffing costs			
Impact of Adverse Weather Conditions	Risk of unforeseen costs for potholes, winter gritting, minor flooding etc.	In practice such events are outside of the scope of management control. However, the Council does have an ongoing programme of highways maintenance, which includes an element for emergency works.	5% - 10% of highways maintenance budgets	£172,407 to £344,814
Legislative Changes	Changes in legislation may place additional financial burdens on the Council.	Legislative changes may be accompanied by associated funding changes but this might not be adequate to cover costs.	Nominal Allocation	£100,000 to £250,000
Dedicated Schools Grant (DSG)	Impact of funding risk not covered by general fund budget risk reserve.	Rigorous review of current DSG assumptions based on latest information from central government and historic experience.	1% of £307.857m allocation for DSG	£3,078,570
Bad Debt Provision	In the current economic climate it is not certain that the Council's provision for bad and doubtful debt would be sufficient.	The Council sets aside a provision for bad and doubtful debts based on the age of debt and historic experience of rates of recovery. Robust debt collection procedures are in place.	5% increase in bad and doubtful debts per 2021/22 debt figures (based on value from 2021/22 Draft Statement of Accounts)	£1,424,550
Current Provisions	Level of current provisions made are insufficient.	Anticipated liability cost calculations are based on the best available information.	Nominal Allocation	£250,000 to £1,000,000

Area of Risk	Risk Description	Controls in Place	Calculation	Estimated Risk Value (£m)
Recommended General Reserve Target Range				£6,825,527 to £9,897,934
Projected General Fund Balance as at 31 March 2023:				£8,933,000

*\*The forecast future years General Fund reserves balance is £14.211m, this includes a forecast transfer to the reserve of £5.278m in the 2024/25 - 2025/26 MTFP.*

## Reserves Policy

### Level of Reserves

#### General Reserve

The General Reserve & Minimum Level of Reserves should target maintaining reserves at a level above the minimum of 3.0% of the total net revenue budget by 2025/26 and thereafter, plans have been included in the current MTFP for the future years transfer to the reserve. Although the current equivalent percentage is 3.14% of the 2023/24 net budget requirement, this is within the current recommended target range of 3 -5%.

The purpose of this reserve is to provide for any unexpected expenditure that cannot be managed within existing budgets. Such expenditure would be one-off and resulting from an extraordinary event. Similarly, the General Reserve should be set at a prudent and not excessive level, as holding a high level of reserves can impact on resources and performance.

Authorisation to finance such expenditure must be obtained in advance from the Council's S151 Officer, in accordance with the scheme of delegation. The request should be supported by a business case unless there is clear and necessary reason for urgency. As the net budget position changes and risks are reviewed the level of General Reserve must be monitored to ensure that a minimum level is maintained.

#### Earmarked Reserves

Unlike General Reserves earmarked reserves have been identified for specific areas of expenditure where there are anticipated costs that can only be estimated. It is therefore prudent for the Council to identify such areas of expenditure and set aside amounts that limit future risk exposure. Such expenditure usually arises out of changes in policy or where the organisation is working in collaboration with others to provide a specific service. Expenditure relating to earmarked reserves has to specifically relate to the purpose of the reserve. There is no set limit to an earmarked reserve as it is to reflect the level of need required. There should be regular reviews of earmarked reserves to establish ongoing need with any unrequired reserves being transferred to the General Reserve

#### Procedure for Use of Reserves

The **use of reserves** requires approval of the Council's Chief Finance Officer. All requests should be supported by a business case unless there is an approved process for use. On occasion where an urgent request is being made this should comply with the Council's Constitution and Financial Regulations.

**Monitoring**, the level of reserves is kept under continuous review. The Chief Finance Officer reports on the levels of reserves as part of the Medium-Term Financial Strategy updates together with the Reserves Strategy as part of the budget setting and outturn reports. The current level of forecast reserves is not significant and if called upon will impact negatively on the financial viability



and resilience of the Council. Reserves and their usage is carefully planned for and monitored throughout the year.

**Risk Analysis,** Any recommendations that change the planned use of reserves reported within the Annual Budget and Outturn Reports will take account of the need for operational service delivery of the Council balanced against the need to retain prudent levels of reserves. However, there are significant risks, which affect the level of reserves to be maintained, and it is for this reason that a minimum level of 5% of total net revenue budget is set as a target for 2023/24 for the General Reserve.

### **Assessment of Risks**

The Chief Financial Officer should assess at least annually (and report in the Section 25 statement) the individual risks and cumulative risks that inform the level of reserves. Significant risks that should be kept under review include

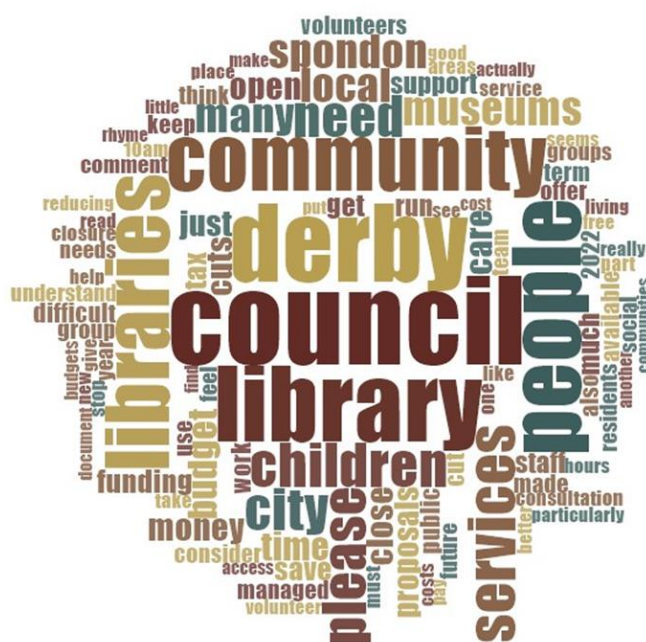
- Significant unforeseen legal costs
- Risks in being able to achieve the required efficiencies and savings during the year.
- The ability to seek financial assistance from the MHCLG for major incidents
- The need to finance organisational change and redundancies may have an impact on the use of reserves.
- The ability to recover significant overspends by directorates and services.
- Exceptional levels of insurance claims
- The instability of the Financial Markets

### **Strategy Review**

This strategy will be reviewed annually as part of the budget process. During the year changes may occur in the MTFS, which affect this strategy. Such changes will be monitored by the Chief Finance Officer and reported through the financial reporting process.

# Consultation on the Medium-Term Financial Plan 2023/24 – 2025/26

## DRAFT CONSULTATION RESULTS



### Version Control

Date Issued	Version	Author	Status	Reason for change
01/02/2023	V1.0	SH	Draft report MTFP Consultation Findings	
02/02/2023	V2.0	SH	Updated final draft	Resolved any spelling or test matters
03/02/2023	V3.0	SH	Final	Formatting changed made, final report



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## 1. Introduction

This report outlines the findings of the 2023/24 Budget Consultation for Derby City Council. Every year the Council undertakes a consultation regarding the Council's budget proposals with the objective to understand the views of those who work and live in the city.

## 2. Methodology

- 2.1 Consultation was undertaken from 22 December 2022 to 26 January 2023.
- 2.2 The consultation was primarily conducted through an online survey with paper versions and translations available on request. People were also given the opportunity to write in with any other comments they had.

## 3. Responses

- 3.1 In total there were **524** responses to the survey with additional responses submitted by letter and email. A summary of how consultees responded is set out in Table 1 below.

Table 1: How responses were received

Method	Number
Online survey	523
Paper questionnaire	1
Letters and emails	29

## 4. Main findings

### 4.1 Participation to the survey

Respondents were asked throughout the survey to comment on the various proposals by department. In many cases respondents made comments on varying areas of the budget proposals throughout the consultation form. For the purpose of analysis and interpretation the comments from each department have been collated separately and coded into themes. Note that comments may have contained more than one theme.

A separate consultation for the People Services budget proposals closes on 10 February, this also enabled people to give their feedback. Responses set out in this report, therefore, may not truly reflect the main concerns with the budget overall. Results from both consultations will be reviewed once the People Services consultation closes on 10 February 2023.

### 4.2 People Services – Adults

There were 133 comments made in the comments box asking for feedback on proposals for People Services - adults. Some comments contained more than one theme. Although the top theme in the comments was libraries (43) this proposal was not one covered by People Services.

Chart 1 below shows the comments as themes, with the top themes being:

- Libraries – objections and concerns
- Impacting on vulnerable people and quality of life
- Polarised view around agreement and disagreement with the proposals

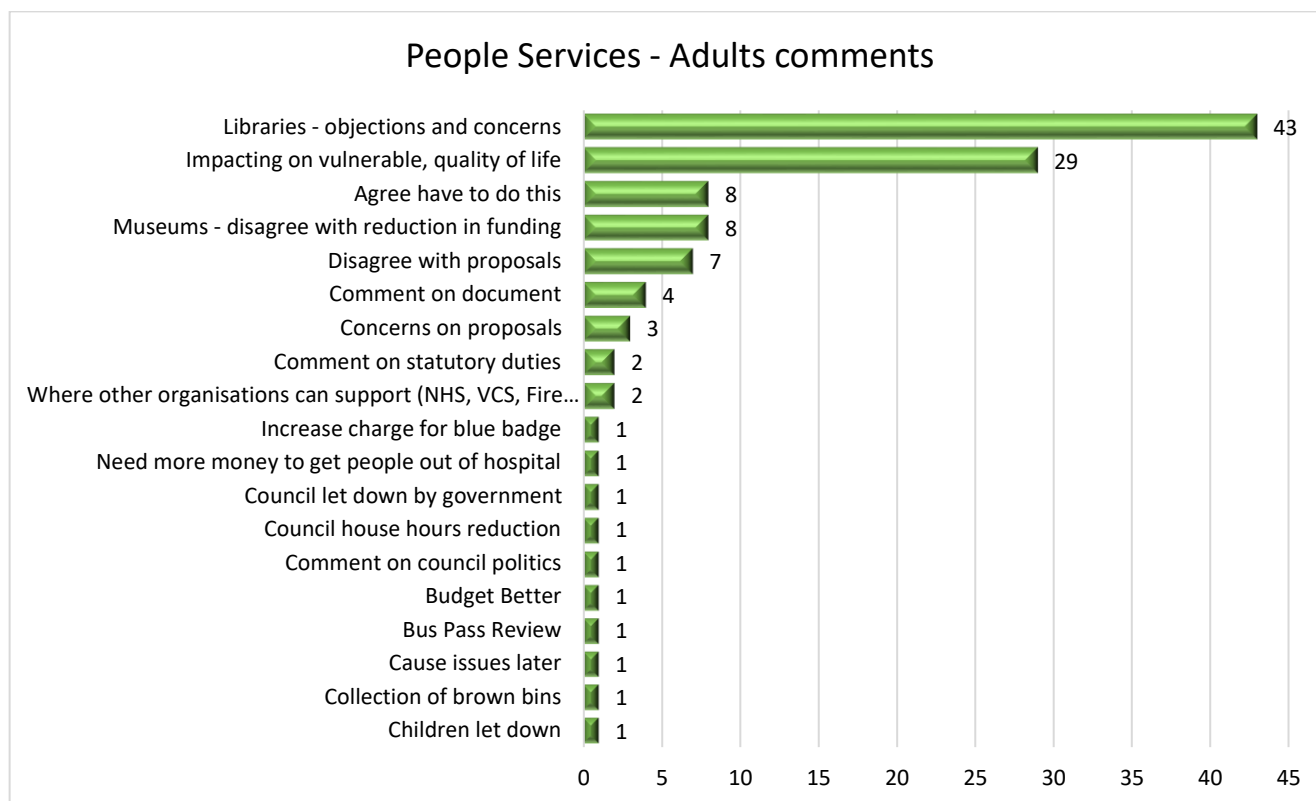


Chart 1. Themed comments on People Services – Adults proposals

## 4.2.1 People Services – Adults comments analysis

### 1. Libraries

Due to the strength of feeling, 43 respondents provided their views on libraries in this section. Many expressed concern, shock and worry about the library proposals. Some mentioned specific libraries that they used. Comment examples are:

*'I think it would be a big mistake to close the libraries. These offer a much needed community hub in the different areas they operate. They attract all ages, not just with books and reading opportunities but provide specific groups for people to get involved in such as toddler rhyme time and knit and natter as well as resources such as computer use, printing and photocopying which many do not have at home. For the volunteers that devote so much time to them, they also provide socialisation and confidence building opportunities. The libraries are already a well-used resource but they would benefit from increased marketing from the Council which result in wider awareness of the facilities which are available for all'*

*'Libraries are a cornerstone of community, they hold people together and are an important hub not only for a practical place for people of all ages to go to, interact and keep warm, but also to learn and develop.  
Without libraries communities will be poorer and become more fragmented. Maybe this is the underlying aim if the aim of the council is to prove there is no such thing as community.  
Rather than destroying community and taking steps like closing libraries the council should be developing more of a consensus on how they can be preserved.'*

## 2. Impacting on the vulnerable and quality of life

Respondents felt the proposals for adults would impact on those who are already vulnerable, some queried how the council would meet their duties to these vulnerable people and how their quality of life would be affected. There were 29 comments mentioning this same concern.

*'Based on the outlines on page 32 looks like prevention work will be reduced rather than promote to avoid future crisis.  
I'm concerned to what degree community packages will be reduced with DCC continuing to meet the legal responsibilities for vulnerable people.'*

*'Irrespective of the budget shortfall elderly and disabled people are now at their most vulnerable, the council should be looking to strengthen these services not depleting them as they also support other services like NHS and "prevent bed" etc.'*

*'Cutting aid to the most vulnerable members of our society feels very wrong'*

## 3. Polarised split on agreement and disagreement with proposals

8 comments from respondents agreed with the proposals with 8 comments expressing disagreement with proposals.

*'Given the Council's financial position and the difficult global and national conditions that will remain in 23/24 then I believe that the proposals made are the best options for the residents and businesses in Derby and will ensure Derby City Council is financially sustainable going forwards.'*

*'I don't believe there should be cuts to vital services'*

### 4.3 People Services – Children's

There were 118 comments made in the comments box asking for feedback on proposals for People Services - Children's. As with the Adults' proposals some comments contained more than one theme. One of the key themes to emerge was libraries (28); again, this proposal is not one covered by People Services.

Chart 2 below shows the comments as themes, with the top themes being:

- Will make the situation worse long term
- Libraries – objections and concerns
- These Services are needed
- Impacting on vulnerable people and quality of life

## People Services - Children's

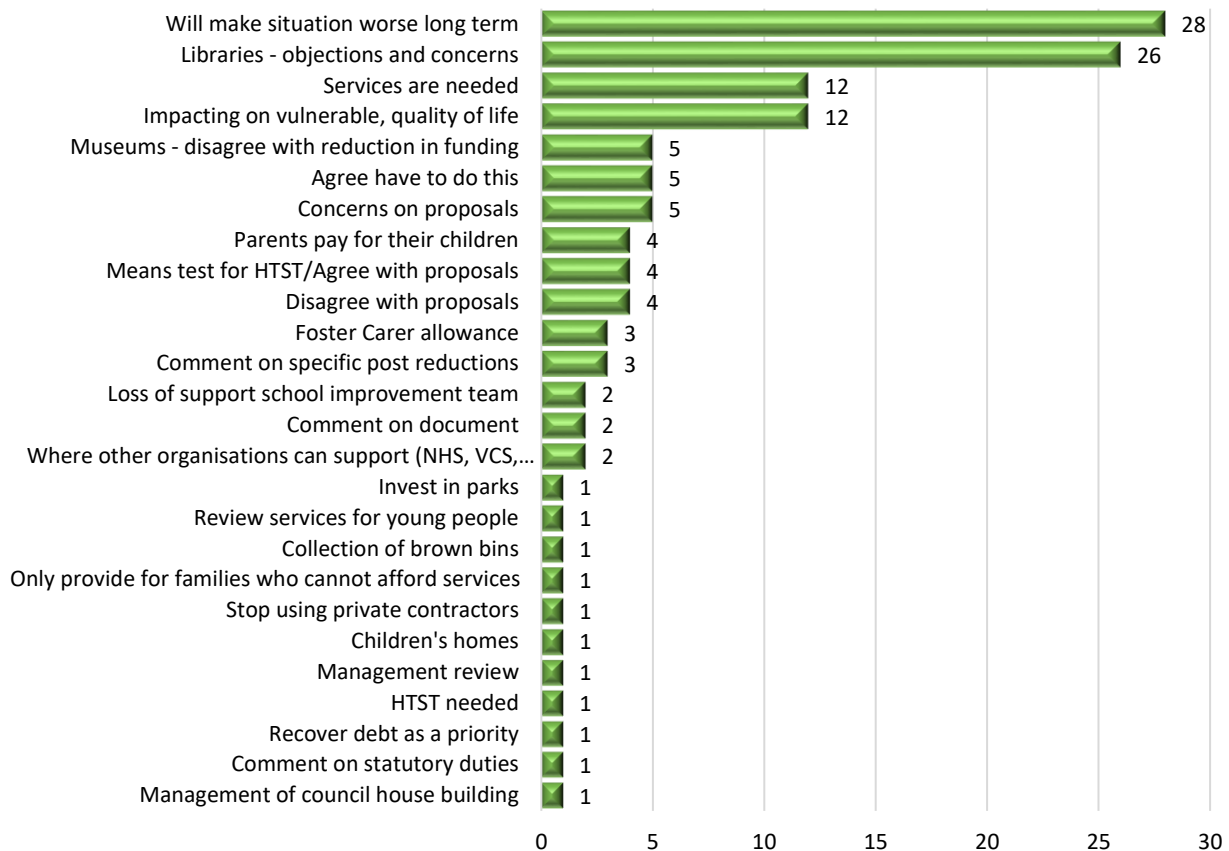


Chart 2. Themed comments on People Services – Children's proposals

### 4.3.1 People Services – Children's comments analysis

#### 1. Will make the situation worse long term

Respondents had significant concerns that the proposals for children's services would have significant impacts on children in the longer term and put more pressure on other services the council offer later down the chain. 28 comments mentioned this.

*'Withdrawing services from the most vulnerable people in our city will place them in more danger and ultimately, they will still need services and possibly for longer due to damage done by cuts'*

*'Very short term to withdraw funding from families who need support. In long term will end up costing more. Withdrawing of EY funding will also end up causing more families to become vulnerable and therefore need support'*

## 2. Libraries

Again, due to the strength of feeling, respondents provided their views on libraries in this section. There were 26 comments with many expressing concern, shock and worry about the proposals. Some respondents mentioned specific libraries.

*'What are you thinking, let's take away something that is a lifeline for many older people and for young children, their first access to books.'*

*'I am a 7 yr old studying in Lawn Primary and my neighbours go to Woodland and Portway schools, and we all go to the Allestree library to borrow books and puzzles. If the library is closed we will not be able to borrow any books or puzzles, and spend time doing activities or challenges done by the library. Please do not'*

## 3. Services are needed

12 comments specifically mentioned that these services were needed. With references to how these services are key to support young people.

*'This should be one of your highest priorities as treating children well and giving them access to resources improves society as a whole.'*

*'Our young people and children need to have good people services, to enable them to have a caring safe space to enable them to blossom into healthy well-adjusted adult's and to have every opportunity available to them.'*

## 4. Impacting on the vulnerable and quality of life

12 comments referred to how the proposals for children would impact on those who are already vulnerable.

*'The proposal to disband the exit from care team will leave vulnerable young people at a disadvantage and potentially harm them.'*

*'The council has a statutory duty to look after children in care. The council has recently had an outstanding inspection and it is vital that these services are protected to ensure that the most vulnerable children in our community are safe and cared for well. To achieve this staffing levels especially of front line children's social workers and fostering social workers must be protected.'*

### 4.4 Communities and Place

There were 382 comments made in the comments box asking for feedback on proposals for Communities and Place. Some comments contained more than one theme. Chart 3 below shows the comments as themes, with the top themes being:

- Libraries – objections and concerns
- Museums – disagreement with reduction in funding
- Invest in Parks

## Communities and Place

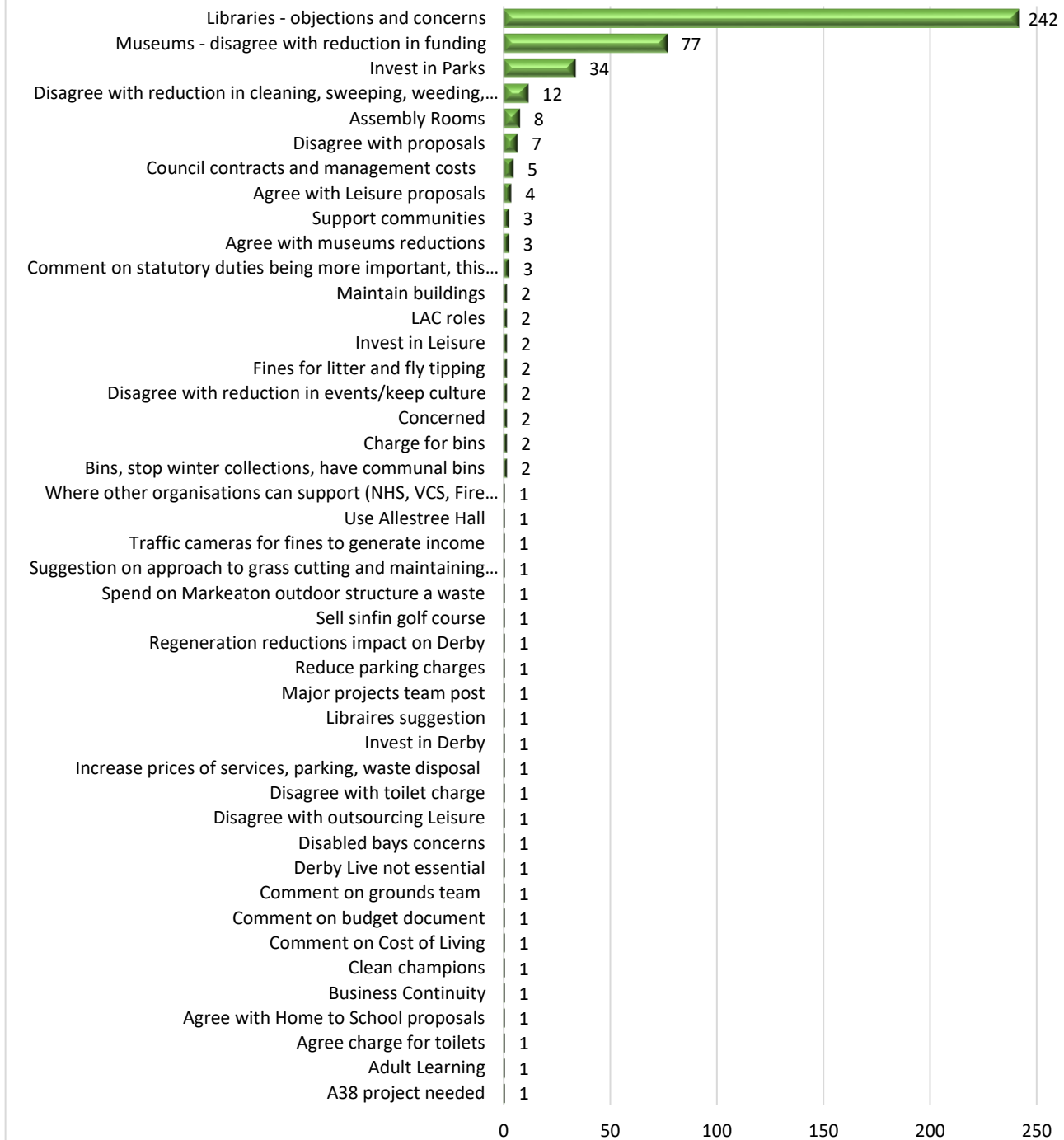


Chart 3. Themed comments on Communities and Place

### 4.4.1 Communities and Place comments analysis

#### 1. Libraries

The strength of feeling around respondents' views on libraries is evident in the comments in this section. There were 242 comments with several varying themes from respondents who were concerned, shocked and worried about the proposals. A number of comments gave real detailed information on how a library supports communities, with the majority of comments mentioning specific libraries, how they will affect the community if closed and how people felt they were important during the cost of living crisis.



*'The closure of 10 CML libraries is a disgrace. Libraries are more than just books they offer a warm, welcoming, inclusive, and free space to everyone. Many people in Derby do not have access to a computer or printing facilities, libraries offer this service. Many people in Derby cannot afford to buy books, libraries offer this service. This shows how important they are in helping to provide and encourage literacy skills to everyone especially after Covid. Libraries offer many free activities for children including Summer Reading Challenge a nationwide incentive to promote literacy. They also provide Bookclubs, job clubs, coffee mornings and many other free activities for adults. Libraries are vital for our communities and our wellbeing. Many people in Derby especially older people use and see libraries as a social place where they can come and chat or just sit and keep warm. For some people this may be the only social contact they have in a time when loneliness and mental health is so important.*

*Unfortunately, it appears that DCC do not value libraries or understand what they provide to local communities As always when money is short libraries are an easy target. Unfortunately, with the closure of Chaddesden, Derwent, Spondon, Springwood and Allestree that side of Derby will have no libraries at all. This means the nearest library for them will be Alvaston or Riverside in the Council House. So, people are going to have to pay to get to those libraries which if they haven't got a car will mean a bus fare. Not always ideal for some people. Council taxes will be going up, but public services will be less how can that be justified. Some of these libraries must be saved.'*

*'Stopping funding of community managed libraries forcing their closure. These are a vital resource as demonstrated in the many lockdowns where being able to borrow books helped so much with mental health. They hold community events, a warm space and simply not everyone can afford to buy new books. The council managed libraries are not always accessible and the layout of the Riverside library in my view does not work for the wider community aspect of library work. Not everyone who uses libraries has a gold card so the additional cost of visiting libraries will also impact on individuals finances.'*

## **2. Museums – disagreement with reduction in funding**

77 comments mentioned the reduction to funding museums in the city, these comments ranged from disagreement with the reductions, to concerns that culture should be key to Derby's success.

*'I would ask you to reconsider this decision for the benefit of the residents and businesses of Derby. At this challenging time all three of Derby's wonderful museums offer a free, warm and safe place for everybody to visit whatever their financial situation. I have personally witnessed how much this means for low income families and their children who find the museums a magical place to visit. Derby museums also welcome virtually all tourists who visit our city and I know local hotels recommend them all to their guests. If Derby wants to be considered a 'city of culture' which I believe it does, it is desperately important we retain our museum offer at its current level.'*

*'Referring to the proposed cut in funding to the Museums Trust. I am a regular visitor to Derby (since my son lives and works here). I have been impressed by the continuing improvements and renewal of the Museum in particular, and the work of the curators is superb; the upcoming Hogarth exhibition is an example of their ambition for the Museum at a national level. I am concerned that expert knowledge will be lost in the long term if jobs are cut, and that the three sites will be less able to do outreach work with schools and families.'*

There were a small number of counter arguments to the reductions, with agreement to the reductions and a suggestion of charging an admission fee.

*'Regarding 'Reduce funding to Museums', could this be reduced further if the museums charged admissions fees, for at least some categories of visitors?'*

*'Reduce spending on museums. Money better used elsewhere.'*

### 3. Invest in Parks

34 comments received referred to the importance of parks for mental health and wellbeing, the need for parks since covid being evident and the cost of living crisis meaning parks are a cheap way for families to get out and that it is a vital service.

*'The Parks are the lifeblood of the city and its residents. Any reduction of service from any of these will be a detriment to the city in my opinion. With the current cost of living crisis, the parks offer a free/cheap alternative for families to get out into nature and enjoy the fresh air and cleanliness of parks. With a reduction in service, parks will quickly become dirty and unloved.'*

*'As probably the most used and undervalued assets we the city parks have been consistently used to find savings, often small enough to save negative publicity. It is clear that parks are used even more than they were pre covid as people in the city have realised what amazing places they are and what they can use them for. The staff on the parks are always so helpful, responsive and passionate about the work that they do despite the issues that the role presents. I can only imagine that reducing staffing will only increase workloads, stress, sickness which in turn will create further problems that will need to be dealt with at a greater cost than any potential saving - it seems short term, top slicing and reactive.'*

## 4.5 Corporate Resources

There were 67 comments made in the comments box asking for feedback on proposals for Corporate Resources. Some comments contained more than one theme. Chart 4 below shows the comments as themes, with the top themes being:

- Libraries – objections and concerns
- Management Costs
- Customer Service Opening times

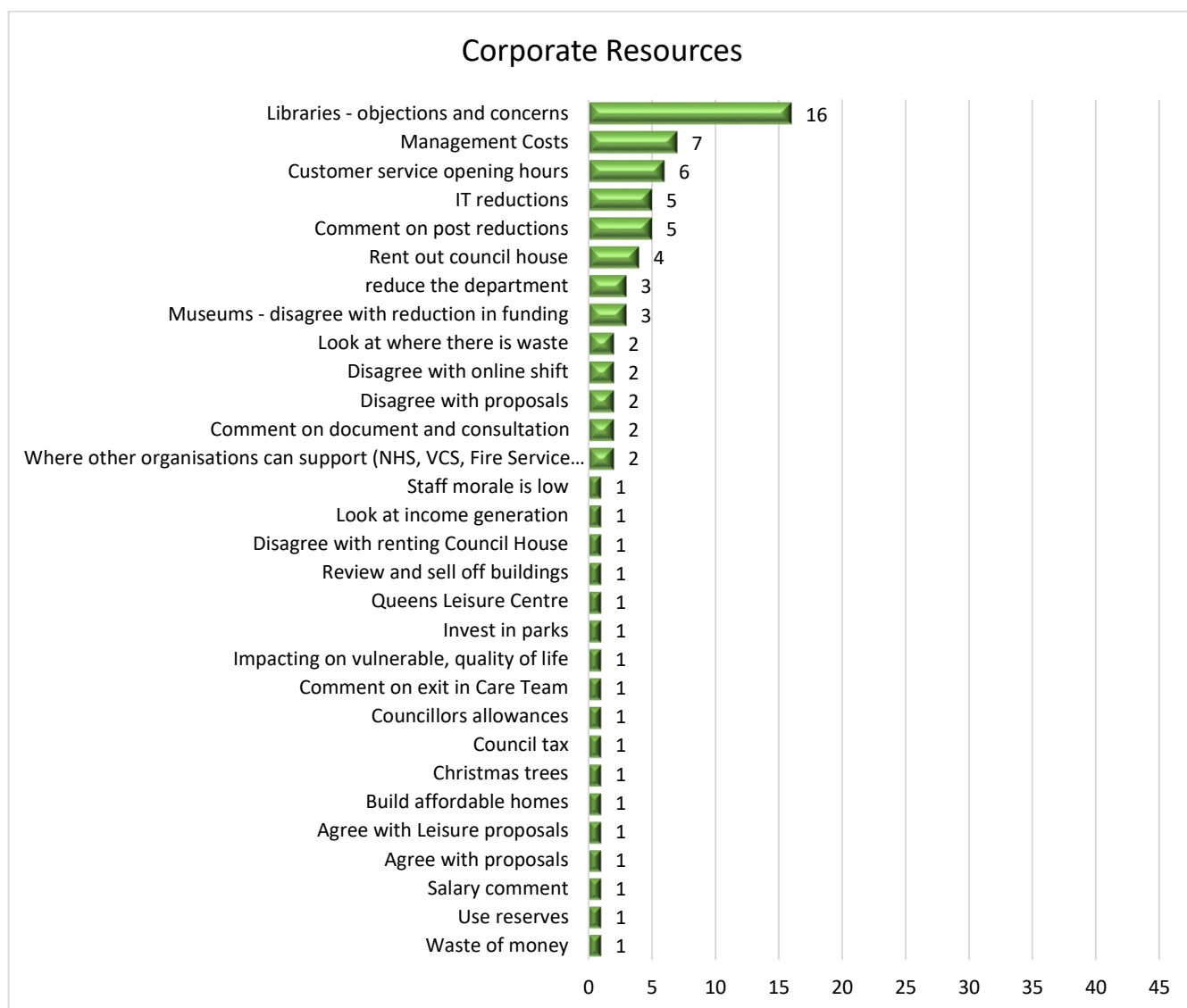


Chart 4. Themed comments on Corporate Resources

#### 4.5.1 Corporate Resources comments analysis

##### 1. Libraries

There were 16 comments on libraries again, a number mentioning specific libraries, objecting to their closure with some comments on how these could be community run.

*'The proposals for removing community run libraries are very concerning, as they are a key local community hub for learning and self-support as well as a warm space. Better learning will help raise our economy and increase prosperity. Thus, this policy risk a spiral of even more cuts.'*

*'By leasing the use of the library building to the volunteer organisation that currently runs it, the Council could help to maintain a library service and community hub in the locality of the library.'*

##### 2. Management Costs

7 comments made reference to looking at management roles to identify savings.

*'review the management structure and head count within the council to reduce the employee costs'*

*'Reduction in staff numbers - lower graded staff as yet again being cut and yet the Director's and Service Directors numbers just seem to continue to increase.'*

### **3. Customer Service Opening times**

6 comments referred to the proposed change in customer service opening hours. Respondents were concerned about the access to online only for those who don't use this, one respondent agrees on changes but queried why it was just the morning proposed for services to be open.

*'Reducing the telephone service to 9-12 would make it almost impossible to access some council services for a full time worker as the lines would open when most people have started work and close before most people get a lunch break. Not all services are available through digital channels, and not all service users, especially the most vulnerable users can use digital services.'*

*'Reduction in customer service hours makes sense - but why no afternoon, evening or weekend hours - we're in the 21st century! People work all sorts of hours and so should the council!'*

## **4.6 Capital Programme**

There were 58 comments made in the comments box asking for feedback on proposals for the Capital programme. As with other areas, one of the themes in the comments was libraries (7).

Chart 5 below shows the comments as themes, with the top themes being:

- Libraries – objections and concerns
- Invest in parks
- Agreement with 5 year programme

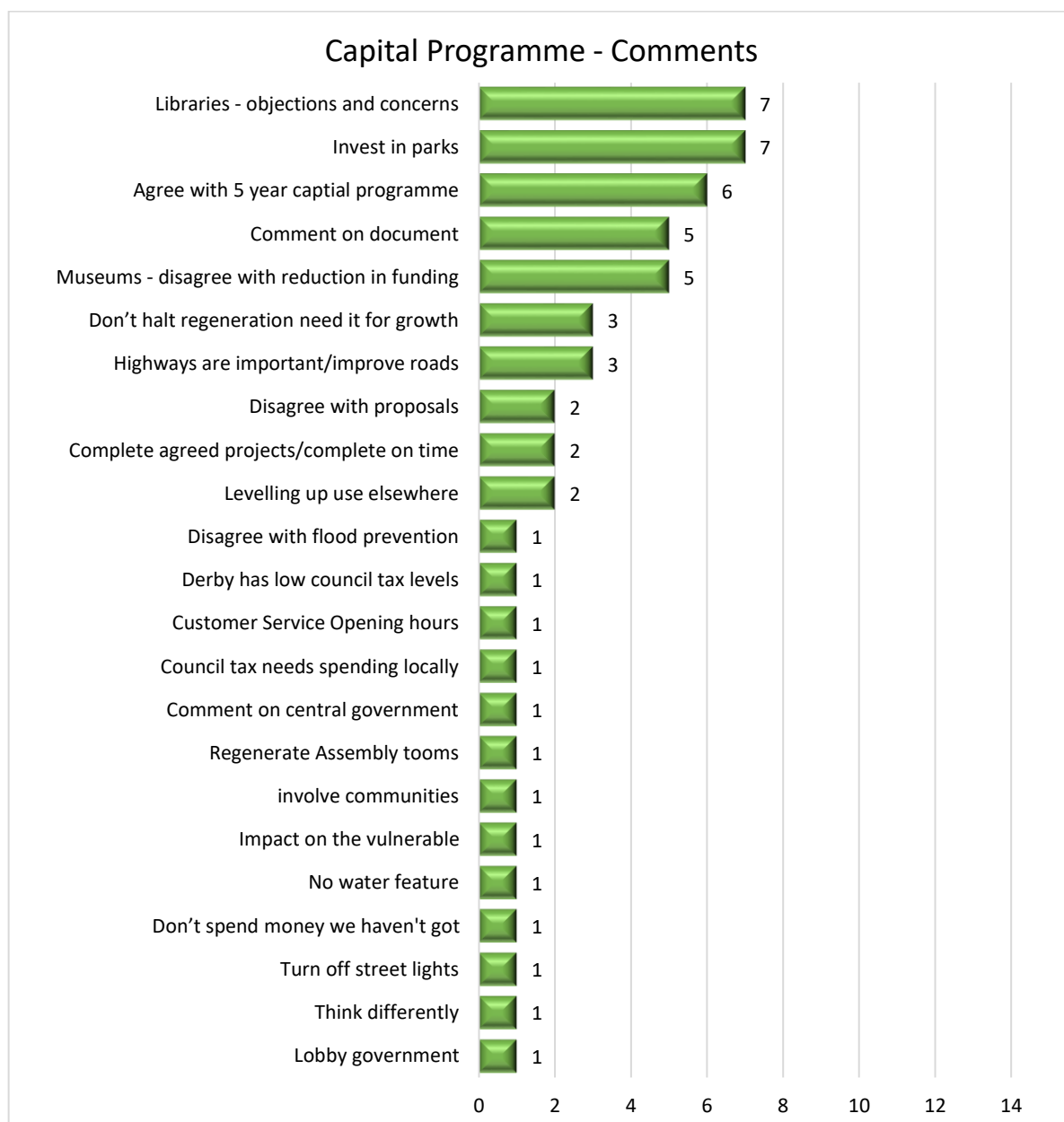


Chart 5 Themed comments on Capital Programme

#### 4.6.1 Capital Programme comments analysis

##### 1. Libraries

There were 7 comments on libraries; again, a number mentioning specific libraries, objecting to their closure.

*'As a Readeasy volunteer, please support the libraries, otherwise we will have no places to teach.'*

## 2. Invest in parks

There were 7 comments specifically mentioning the importance of parks and the need to replace equipment.

*'It is vitally important that there is a capital programme for parks to ensure that the considerable infrastructure of facilities particularly play areas can be replaced as they come to the end of their useful life. The fact there has been no capital programme for many years has resulted in a situation where there is a considerable backlog of equipment in need to renewal, as the only means of undertaking work has been via external funding, particularly Section 106. Where this has not been available sites have continued to fall into further decay. A Capital Programme for parks will enable this to start to be addressed in a prioritised way, hopefully as part of a rolling programme over a period of a few years.'*

## 3. Agreement with 5 year programme

6 comments agreed with the 5 year programme for capital work.

*'The intention to move to a five year cycle is long overdue. The principal obstacle is party political differences. The enhancement of Neighbourhood Boards offers the opportunity for greater engagement and accountability.'*

### 4.7 Final comments

177 people made additional comments in response to all Budget proposals. There were 16 key themes. Chart 6 shows all themes, the four themes that achieved the highest number of comments were:

- Libraries – objections and concerns
- Concerns or comments on proposals
- Council contracts and management costs
- Comment on document

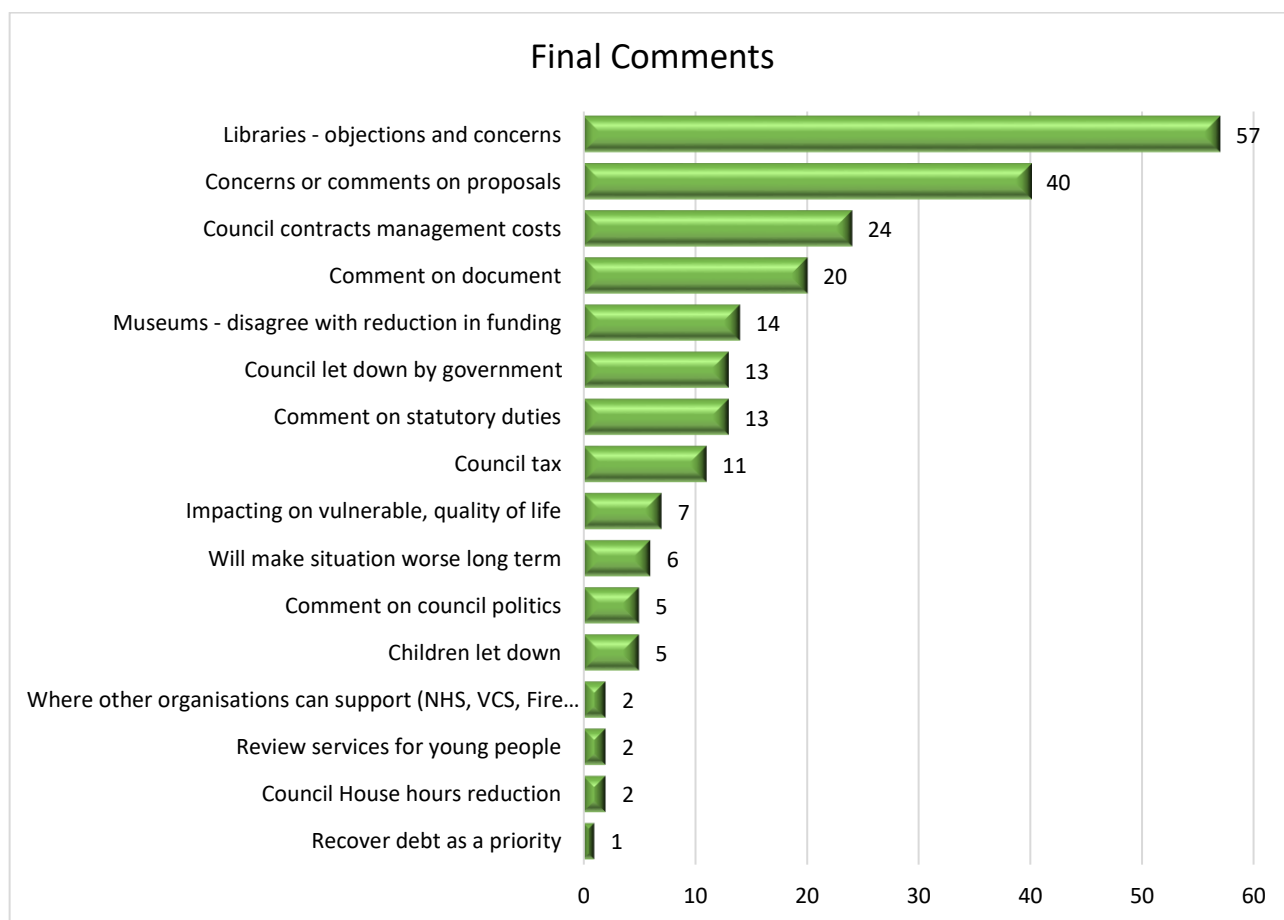


Chart 6 Themed comments on final comments

#### 4.7.1 Final comments analysis

##### 1. Libraries – objections and concerns

57 comments were made relating to libraries ranging from those that stated that did not want the funding removed, with a number mentioning specific libraries they wanted to be maintained.

*'I do appreciate the extremely difficult decisions you have to make to try and balance the budget. However, I would urge you to reconsider the possible library closures. They are an integral part of many shopping and meeting centres. Thank you'*

*'Do not stop subsidising libraries...' "Don't close the libraries. Manage your budget better and save the libraries'*

*'I object to the closure of Chellaston Library which will result from the cuts summarised in "Libraries – removal of Council subsidy from Community Managed Libraries amounting to closure from 1 April 2023 and reconsideration as part of a Council review of all community buildings'*

Some commented on particular user groups that would be adversely affected by possible library closures.



*'Children are the future and should be the priority over adults in all areas of budget decisions, particularly when it comes to deciding the future of the libraries'*

*'I appreciate the difficulties the council faces - unfortunately a continuing pattern since 2010. Services for local people of all ages need to be preserved over and above other initiatives e.g. world heritage input - especially for the young and vulnerable. I am particularly passionate about maintaining local, community libraries.'*

*'I hope that you are able to save at least some of the Community managed libraries. They are often at the heart of their communities and are a vital resource for many people of all ages.'*

Some respondents put forward ideas to protect libraries, including those who want to take on the running of a library.

*'We can propose young people that are not working to work in the libraries around the city'*

*'I do not endorse closing of libraries, perhaps a small charge for computers would be in order'*

*'Give the busier libraries another chance and support the very enthusiastic and dedicated volunteers'*

*'Urge you to re-consider the proposed closure of Spondon CML and collaborate with us to maintain and improve these valuable services. We propose to become an officially registered charitable body to enter a contract with the council to run Spondon library on similar terms to those formerly agreed with DHA.'*

## **2. Concerns or comments on proposals**

There were 40 comments within this theme which were varied from those making generalised comments about the proposals within the Medium Term Financial Plan.

*'Given the Council's financial position and the difficult global and national conditions that will remain in 23/24 then I believe that the proposals made are the best option for the residents and businesses in Derby and will ensure Derby City Council is financially sustainable going forwards.'*

*'Don't cut services. Use reserves, put up council tax and demand the government give you more money.'*

*'I believe budget is fair and balanced between that of a regulatory nature and proposals for the many other facets of Council service'*

For those proposals that were of particular concern to respondents, some identified the areas they felt were key.

*'Personally, I feel that adult social care is drastically underfunded'*

*'I also strongly oppose cuts to Derby Parks funding. Again, they are a free resource that are used by many different sections of the community, who would all suffer if the parks were not maintained to the current standard. I have young children and we use the parks at least once a week for them to play in. We rely on Darley Park in particular for nearby outdoor space that we know is clean and safe'*

*'I'm disappointed about the lack of long term vision of this Council. I'm against cuts on Libraries funds, on parks and green spaces funds and staff and the closure and abandon of the historical Queen Leisure Centre swimming pool. DCC appears to keep destroying the few things left to be proud of. I would recommend not to spend any money in the maintenance of the Assembly room and to spend nothing on the ugly block of concrete, which once was a fountain, in Market Square. It would help to improve the appearance of the square if it was knocked down if it was cheaper.'*

*'Reducing hours for the cleaning of streets if this is including in the reducing of hours for the planting etc would be a bad idea in my opinion as the litter in and around Derby is a disgrace.'*

Other respondents felt that the focus for the 23/24 budget needed to shift or pause from aspirational projects to delivering fundamentals:

*'Derby City Council needs to concentrate on the citizens of Derby rather than the vanity projects they are currently pursuing'*

*'Vanity' projects (i.e. Assembly Rooms) need to be shelved for the interim, as there are other considerations that are far more important. Outsourcing facilities to external companies isn't a good idea - Moorways is a prime example of core values and looking after local residents being second to profit margins'*

*'Savings should best be achieved by temporary cuts, for example postponing but not cancelling projects or postponing new or reappointments when posts become vacant, rather than cutting posts entirely. Savings on energy costs should be made by reducing street lighting, particularly in the middle of the night - midnight to 5 am - and in less central areas where there is little night-time traffic - vehicle or pedestrian.'*

### **3. Council contracts and management costs**

24 comments allocated to this theme related to staffing costs, restructuring of the Council, suggestions of where funds could be raised and of instances of unnecessary spend. Other comments related to Council contracts or project management overspend.

There were some comments from respondents suggesting it was necessary to consider senior management cuts.

*'Where are the cuts in senior management? Again, it is the lower paid and services that serve people on lower income that are in the firing line. How can these proposals go ahead when there is no acknowledgement by senior management of how the people of Derby view them in their well paid jobs with little touch with reality or any humanity. Cut unnecessary jobs at senior level,*

*“Reduce the number of higher paid employees, seriously consider all those on a salary of over £50K and are they needed and what do they bring to the council running efficiently?”*

believing that the contract was unnecessary, and money could be recouped.

contract

*‘A 3 year contract with First Care, reported to cost £753,000 was agreed in 2017. I’m assuming a further contract was agreed with Goodshape following this. Staff do not feel that an alternative number to call, prevents sickness. Staff feel more comfortable to use this service than speak to their manager. The nurse often only recommends to seek further support from GP. Given the additional support services within DCC, is absence not an area that can be managed internally?’*

Whilst others suggested assets that could be become more profitable.

*‘You seem to be increasing costs to Derby residents, all whilst reducing services across the board. Perhaps you should consider selling the Sinfen Waste Processing facility, which is costing millions per year to stand idle’*

*‘Spend money where its need to make a profit. ie parks leisure catering. Finish the guildhall. Rent out empty properties. Costing to much in security and repairing living them empty (assembly rooms) host charity events where*

20 comments mentioned the budget document and such as the presentation of the document being a barrier to allow respondents to adequately comment on the proposals.

*‘The very detailed descriptions in the lengthy reports give the impression of very  
‘The document is very difficult to understand for anyone who does not have an understanding of spreadsheets and budgets’*

*‘It would be better to have a summary of the main changes and the cuts that will affect the people of Derby’*

**Non-Domestic Rates Budget Consultation Minutes**


**TO FOLLOW**

## Notes of Budget Consultation Meeting Derby City Council

### Who was there?

Children in Care Council Members - 6	Laura Bradley – Participation Officer	Holly Hardgrave – Commissioning Support Assistant	

### What we talked about

<b>1.</b>	<b>Budget Consultation – Children’s Services and Libraries and Leisure</b> <p>Laura gave a presentation about the different proposals for services within the council including Children’s Services and Libraries and Leisure.</p>  <p>2022-23%20Budget %20Consultation%20</p> <p>Young people were asked to think about whether they agree or disagree with the proposals and why they think these services are important.</p> <p>Please see appendix 1 for full details.</p>
<b>Action</b>	
	<b>AOB</b>

## Appendix 1

Do you agree or disagree with the proposals for these areas and why?	
1. Residential Services	
<ul style="list-style-type: none"> <li>Disagree - some young people may not like change so removing the cook post may affect this. Especially for young people with Special Educational Needs and Disability.</li> </ul>	<ul style="list-style-type: none"> <li>Young people exiting residential should only be explored if it is appropriate for the young person and they are involved with any planned changes.</li> </ul>
<ul style="list-style-type: none"> <li>Need to keep the cook as young people may not have the same support if care staff will be helping to cook meals.</li> </ul>	<ul style="list-style-type: none"> <li>Life skills could be gained if there isn't a cook as young people could help cook their own meals.</li> </ul>
<ul style="list-style-type: none"> <li>More funding may be needed for food hygiene if the cook post is deleted.</li> </ul>	<ul style="list-style-type: none"> <li>Agree with reducing taxis and agency staff.</li> </ul>
2. Fostering and Permanence	
<ul style="list-style-type: none"> <li>Disagree – Foster carer could drop out if allowances are frozen meaning there could be less carers.</li> </ul>	<ul style="list-style-type: none"> <li>Disagree- Foster carers may struggle with the cost of living if allowances are frozen.</li> </ul>
<ul style="list-style-type: none"> <li>Disagree- Less foster carers could mean increasing costs for using private foster carers.</li> </ul>	<ul style="list-style-type: none"> <li>Disagree with disbanding exit from care team - Social workers will have extra workload which may mean there isn't as much time for young people.</li> </ul>
<ul style="list-style-type: none"> <li>Disagree- It will put extra pressure on other teams if they disband the exit from care team.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
3. Libraries and Leisure	
<ul style="list-style-type: none"> <li>Disagree – Libraries may have limited books/resources to use if you get rid of the others.</li> </ul>	<ul style="list-style-type: none"> <li>There should be one big library rather than numerous libraries.</li> </ul>
<ul style="list-style-type: none"> <li>Why are the other libraries not statutory? All the statutory libraries are close to the City Centre.</li> </ul>	<ul style="list-style-type: none"> <li>Disagree – If they change the times then less people will be coming in which means they could shut down.</li> </ul>
<ul style="list-style-type: none"> <li>Agree – things are more accessible online.</li> </ul>	<ul style="list-style-type: none"> <li>Libraries need to be accessible for everyone.</li> </ul>
<ul style="list-style-type: none"> <li>Improve the quality of the libraries that are already there.</li> </ul>	<ul style="list-style-type: none"> <li>Leisure centres – don't want to lose accessibility such as memberships if they are run by outside business but they need to keep the community links.</li> </ul>



## Notes of Budget Consultation Meeting

### Derby City Council

**Monday 16 January 2023**


#### Who was there?

ViA Members - 42	Adele Styles – CYP Participation Officer	Laura Bradley - Facilitating	Natalie – Facilitating
Russ - Facilitating	Skye – Facilitating		

#### Guests:

Councillor Evonne Williams – Cabinet Member for Children and Young People  
 Andy Smith – Strategic Director for People Services  
 Suanne Lim – Director for Early Help and Social Care  
 Fiona Colton – Head of Service for Early Help and Social Care  
 Jane Witherow – Manager for Customer Contact, Digital and Customer Services  
 Wayne Sills – Facilities Development Manager for Leisure, Culture and Tourism  
 Simon Aitken – Head of Waste Management, Street Cleansing and Fleet Management

#### What we talked about

1.	<b>Budget Consultation – Early Help, Regeneration Projects, Environment, Libraries and Leisure, Council Opening Times</b>
	<div style="text-align: center;">  <p>23.01.16 2022-23 Budget Consultation .j</p> </div> <p>ViA members were then asked to look at the budget proposals and think about whether they agree or disagree with the proposals and why. Students were also asked if they had any other suggestions.</p> <p>Key Themes were:</p> <p><b>Early Help</b></p> <ul style="list-style-type: none"> <li>• Invest in children's services, more youth group support, early help needs to be more targeted.</li> <li>• Encourage businesses to support early help, set up a charity to help with funding, introduce peer mentors.</li> <li>• Pet therapy, apps, mental health days, virtual sessions.</li> </ul> <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>• Volunteers, DofE students, schools and community service to help with litter picking.</li> <li>• Educate and engage with the community on littering, importance of recycling and what to put in each bin.</li> <li>• Increase fines for littering, reward schemes, competitions, payback schemes.</li> </ul>



**Regeneration and Economic Growth**

- Spend money on existing projects, hire someone to do market research, work with companies and the university.
- More opportunities for work experience, part time jobs and other opportunities for U16's.

**Libraries and Leisure Services**

- Have a combined library to access online too, click and collect, mobile library, share resources between libraries and with schools.
- Study space for young people, accessible for people on a low income, older people less likely to use online libraries.
- One organisation running leisure centres – able to have one membership, cheaper, easier to manage and better staff availability.

**Council House Opening Times**

- Lacks personal touch with online, could have language barriers, might not be effective for complex issues.
- Opening hours will fall within other people's working hours, one late night opening.
- Able to access 24/7, more people are using online services, clear navigations system on the website.

Please see appendix 1 for full details.

## Appendix 1

Why are these services important?	
1. Early Help Services	
<ul style="list-style-type: none"> <li>Children who are not helped may become a higher risk.</li> </ul>	<ul style="list-style-type: none"> <li>Prioritise things that are important to children and young people.</li> </ul>
<ul style="list-style-type: none"> <li>Invest in children's services.</li> </ul>	<ul style="list-style-type: none"> <li>Difficult area to make cuts in.</li> </ul>
<ul style="list-style-type: none"> <li><b>Suggestion</b> – could have pet therapy, virtual sessions, APP.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of funding results in neglect of people of all ages which may result in unhealthy coping mechanisms such as loss of life.</li> </ul>
<ul style="list-style-type: none"> <li>The cost of living is increasing so families need more help.</li> </ul>	<ul style="list-style-type: none"> <li>Early help needs to be more targeted.</li> </ul>
<ul style="list-style-type: none"> <li>Schools should educate students on these matters.</li> </ul>	<ul style="list-style-type: none"> <li>Give ideas to school to help.</li> </ul>
<ul style="list-style-type: none"> <li>Evidence to training programme to see if it works or not.</li> </ul>	<ul style="list-style-type: none"> <li>Alternative services.</li> </ul>
<ul style="list-style-type: none"> <li>Bring in sports.</li> </ul>	<ul style="list-style-type: none"> <li>Youth group support.</li> </ul>
<ul style="list-style-type: none"> <li>Have young people talking to young people.</li> </ul>	<ul style="list-style-type: none"> <li>Work experience/apprenticeships.</li> </ul>
<ul style="list-style-type: none"> <li>Mental health days.</li> </ul>	<ul style="list-style-type: none"> <li>Need continuous support.</li> </ul>
<ul style="list-style-type: none"> <li>Good relationships.</li> </ul>	<ul style="list-style-type: none"> <li>More training.</li> </ul>
<ul style="list-style-type: none"> <li>Peer mentors – princess Diana award.</li> </ul>	<ul style="list-style-type: none"> <li>Encourage businesses to support early help.</li> </ul>
<ul style="list-style-type: none"> <li>Can't expect volunteers to pick up the workload of paid employees.</li> </ul>	<ul style="list-style-type: none"> <li>More children will become higher risk.</li> </ul>
<ul style="list-style-type: none"> <li>Set up a charity to provide funding.</li> </ul>	<ul style="list-style-type: none"> <li>Taking away staff won't fix the issue.</li> </ul>
2. Environment	
<ul style="list-style-type: none"> <li><b>Suggestion</b> – DofE students could volunteer to pick up litter.</li> </ul>	<ul style="list-style-type: none"> <li>Volunteering for the community could be used on applications – have incentives, tokens and work with local businesses.</li> </ul>
<ul style="list-style-type: none"> <li>Reuse food waste to power vehicles.</li> </ul>	<ul style="list-style-type: none"> <li>Do assemblies in school about littering.</li> </ul>
<ul style="list-style-type: none"> <li><b>Suggestion</b> - Community not to litter – have summer/park programmes, posters, litter picks.</li> </ul>	<ul style="list-style-type: none"> <li>Local community action and encourage street pride.</li> </ul>
<ul style="list-style-type: none"> <li>Donate litter to art projects/schools.</li> </ul>	<ul style="list-style-type: none"> <li>Competition to reuse litter.</li> </ul>
<ul style="list-style-type: none"> <li>Competition to pick up more litter – get local gift vouchers.</li> </ul>	<ul style="list-style-type: none"> <li>Engage councils with schools and litter picking.</li> </ul>
<ul style="list-style-type: none"> <li>Litter advertisement/city wide campaigns.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce fuels.</li> </ul>
<ul style="list-style-type: none"> <li>Shops clean outside windows.</li> </ul>	<ul style="list-style-type: none"> <li>Student recycling days.</li> </ul>
<ul style="list-style-type: none"> <li>Link cleaning/littering to character development.</li> </ul>	<ul style="list-style-type: none"> <li>Increase fines with more littering.</li> </ul>
<ul style="list-style-type: none"> <li>Promoting fines, enforcement, education and engagement.</li> </ul>	<ul style="list-style-type: none"> <li>Education – follow through fines.</li> </ul>

<ul style="list-style-type: none"> <li>Students make posters in different ways to engage students locally.</li> </ul>	<ul style="list-style-type: none"> <li>Collecting less in winter to save money.</li> </ul>
<ul style="list-style-type: none"> <li>Increase evergreen trees as they have no leaves.</li> </ul>	<ul style="list-style-type: none"> <li>Community action and volunteering.</li> </ul>
<ul style="list-style-type: none"> <li>Encourage people to take rubbish home.</li> </ul>	<ul style="list-style-type: none"> <li>School litter champions.</li> </ul>
<ul style="list-style-type: none"> <li>Start learning about litter in primary schools.</li> </ul>	<ul style="list-style-type: none"> <li>Shops to keep the areas around the shop clean.</li> </ul>
<ul style="list-style-type: none"> <li>Volunteering to litter pick, walking clubs.</li> </ul>	<ul style="list-style-type: none"> <li>School assembly engagement – education for littering campaigns.</li> </ul>
<ul style="list-style-type: none"> <li><b>Suggestion</b> – create a bike to work scheme for shop owners.</li> </ul>	<ul style="list-style-type: none"> <li>Fines – educate before first fine then educate them on the consequences if they do it again.</li> </ul>
<ul style="list-style-type: none"> <li>Tier fines which increase each time.</li> </ul>	<ul style="list-style-type: none"> <li>More recycling points needed to see the benefits of recycling.</li> </ul>
<ul style="list-style-type: none"> <li>Community engagement – incentives, show them where rubbish goes.</li> </ul>	<ul style="list-style-type: none"> <li>Litter schemes – payment back for recycling, deposit/return scheme.</li> </ul>
<ul style="list-style-type: none"> <li>Good incentive rewards could help cost of living.</li> </ul>	<ul style="list-style-type: none"> <li>Competitions for litter picking. Could pit communities against each other.</li> </ul>
<ul style="list-style-type: none"> <li>Encourage businesses to clean/take care of their space.</li> </ul>	<ul style="list-style-type: none"> <li>Regulate businesses and rubbish.</li> </ul>
<ul style="list-style-type: none"> <li>Outdoor cleanliness rating.</li> </ul>	<ul style="list-style-type: none"> <li>Payback schemes.</li> </ul>
<ul style="list-style-type: none"> <li>Volunteering/qualifications for litter picking.</li> </ul>	<ul style="list-style-type: none"> <li>Scheme for businesses to give back like food standards.</li> </ul>
<ul style="list-style-type: none"> <li>Standardising recycling.</li> </ul>	<ul style="list-style-type: none"> <li>Community service to do litter picking.</li> </ul>
<ul style="list-style-type: none"> <li>Pay for brown bin and have to request to have it emptied.</li> </ul>	
<b>3. Regeneration and Economic Growth</b>	
<ul style="list-style-type: none"> <li>It would be a risk to reduce money in this area.</li> </ul>	<ul style="list-style-type: none"> <li>Prioritise spending surplus money on regeneration other things such as Early help.</li> </ul>
<ul style="list-style-type: none"> <li>Have we maximised our opportunities creating work experience for the young people?</li> </ul>	<ul style="list-style-type: none"> <li>The council operating with other businesses could be a gamble when investing working with other businesses.</li> </ul>
<ul style="list-style-type: none"> <li>Hire an external company to do the market research.</li> </ul>	<ul style="list-style-type: none"> <li>Council could provide something like an employment hub for those people that need work experience after university.</li> </ul>
<ul style="list-style-type: none"> <li>Invest into one business and make money out of it.</li> </ul>	<ul style="list-style-type: none"> <li>Working with companies.</li> </ul>
<ul style="list-style-type: none"> <li>Prioritise maintaining what's already there and spending money on existing projects.</li> </ul>	<ul style="list-style-type: none"> <li>More local authority working with universities.</li> </ul>
<ul style="list-style-type: none"> <li>Have more opportunities for work experience for U16's and have more part time jobs.</li> </ul>	<ul style="list-style-type: none"> <li>More people could use the old projects which means less people will come to the city centre because there is no new projects.</li> </ul>
<ul style="list-style-type: none"> <li>Collect volunteers with a reward scheme.</li> </ul>	<ul style="list-style-type: none"> <li>More focus on work experience with more availability for younger age groups.</li> </ul>
<b>4. Libraries and Leisure</b>	

<ul style="list-style-type: none"> <li>• How many people go to libraries and what are the costs?</li> </ul>	<ul style="list-style-type: none"> <li>• Need to have incentives for children and young people to use the library.</li> </ul>
<ul style="list-style-type: none"> <li>• What happens to old books? Could they be sold to other libraries or schools and use the funding for new ones.</li> </ul>	<ul style="list-style-type: none"> <li>• Library is accessible especially if on a low income.</li> </ul>
<ul style="list-style-type: none"> <li>• Have less libraries but make sure the ones kept are better used.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide libraries for young people and have a map to show the locations. Could be used for school visits.</li> </ul>
<ul style="list-style-type: none"> <li>• Could the statutory libraries close and spend more on the others?</li> </ul>	<ul style="list-style-type: none"> <li>• Could libraries be sponsored?</li> </ul>
<ul style="list-style-type: none"> <li>• Have a library subscription service for certain services and provide a pass for those on low incomes.</li> </ul>	<ul style="list-style-type: none"> <li>• Mobile library.</li> </ul>
<ul style="list-style-type: none"> <li>• Cutting hours would affect students with studying.</li> </ul>	<ul style="list-style-type: none"> <li>• Leisure management could be positive but also have too much change.</li> </ul>
<ul style="list-style-type: none"> <li>• Management should go out to other companies not just everyone active – this could be positive for business use and increase possibility for more opportunity.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider sharing resources between libraries such as books.</li> </ul>
<ul style="list-style-type: none"> <li>• Book donations to library to reduce need to buy new.</li> </ul>	<ul style="list-style-type: none"> <li>• Could community libraries get their own funding?</li> </ul>
<ul style="list-style-type: none"> <li>• If some libraries shut it could impact children as some children use, then to help to read and grammar etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Libraries provide a space for quiet study.</li> </ul>
<ul style="list-style-type: none"> <li>• Provide a family friendly space so the 5 statutory ones could become busier so less space for studying.</li> </ul>	<ul style="list-style-type: none"> <li>• Travel costs could increase to access other libraries.</li> </ul>
<ul style="list-style-type: none"> <li>• Libraries are important for study space.</li> </ul>	<ul style="list-style-type: none"> <li>• School libraries could team up with community libraries to share resources.</li> </ul>
<ul style="list-style-type: none"> <li>• Could have one membership for leisure centres then it could make it cheaper to access and can use other venues for different activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Having one provider to run leisure centres could make it easier to manage and increase staff availability.</li> </ul>
<ul style="list-style-type: none"> <li>• Older people may struggle with online services so may want to use books and access library for social interaction.</li> </ul>	<ul style="list-style-type: none"> <li>• Could it be a mobile library instead of space then it could reduce costs of space?</li> </ul>
<ul style="list-style-type: none"> <li>• Click and collect library.</li> </ul>	<ul style="list-style-type: none"> <li>• Library space should have a study space not a book borrow space.</li> </ul>
<ul style="list-style-type: none"> <li>• Have a combined library so you can access books online as well.</li> </ul>	
<b>5. Council House Opening Times</b>	
<ul style="list-style-type: none"> <li>• If AI bot cannot answer questions, will there be a person available after 12 or call-back service.</li> </ul>	<ul style="list-style-type: none"> <li>• Concerns about miscommunication while talking to AI.</li> </ul>
<ul style="list-style-type: none"> <li>• Many people will be working during the opening times so won't be able to access help.</li> </ul>	<ul style="list-style-type: none"> <li>• AI good and effective for simple questions but not complex issues.</li> </ul>

<ul style="list-style-type: none"> <li>• AI has more consistent answers to questions rather than someone who may not be experienced.</li> </ul>	<ul style="list-style-type: none"> <li>• Would prefer more face to face rather than calls.</li> </ul>
<ul style="list-style-type: none"> <li>• Not everyone will get through if busy on phone lines.</li> </ul>	<ul style="list-style-type: none"> <li>• The times fall within other people's working hours.</li> </ul>
<ul style="list-style-type: none"> <li>• Will there be more options for other languages through the phone?</li> </ul>	<ul style="list-style-type: none"> <li>• Languages barriers within robot and humans.</li> </ul>
<ul style="list-style-type: none"> <li>• Interactive devices should have different languages.</li> </ul>	<ul style="list-style-type: none"> <li>• Concerns for older people not being able to get along with technology.</li> </ul>
<ul style="list-style-type: none"> <li>• Concerns about everyone being unaware of the changes.</li> </ul>	<ul style="list-style-type: none"> <li>• There could be 100's of queries at once.</li> </ul>
<ul style="list-style-type: none"> <li>• Alternative ways to inform about basic info.</li> </ul>	<ul style="list-style-type: none"> <li>• There could be frustrations with not being understood by AI as there could be issues with communication.</li> </ul>
<ul style="list-style-type: none"> <li>• It isn't very personal if just using AI/phone.</li> </ul>	<ul style="list-style-type: none"> <li>• Being able to access online 24/7 is good.</li> </ul>
<ul style="list-style-type: none"> <li>• Positive social care and crisis accessible.</li> </ul>	<ul style="list-style-type: none"> <li>• There could be problems with understanding commands.</li> </ul>
<ul style="list-style-type: none"> <li>• Is there going to be a trial run?</li> </ul>	<ul style="list-style-type: none"> <li>• Would there be any funding available for warm spaces?</li> </ul>
<ul style="list-style-type: none"> <li>• Reduced hours would be able to open later or close later?</li> </ul>	<ul style="list-style-type: none"> <li>• Need translators.</li> </ul>
<ul style="list-style-type: none"> <li>• Need to be able to get advice for emergency situations.</li> </ul>	<ul style="list-style-type: none"> <li>• Work experience.</li> </ul>
<ul style="list-style-type: none"> <li>• Translators.</li> </ul>	<ul style="list-style-type: none"> <li>• Being well advised.</li> </ul>
<ul style="list-style-type: none"> <li>• Older generation need to be taught about AI and technology. It would be more positive for them to speak to someone in person.</li> </ul>	<ul style="list-style-type: none"> <li>• Make more work experience and apprenticeship available and create a reward system for volunteering experience in the council house.</li> </ul>
<ul style="list-style-type: none"> <li>• Should be told how long the wait time is.</li> </ul>	<ul style="list-style-type: none"> <li>• Should have one late night opening a week.</li> </ul>
<ul style="list-style-type: none"> <li>• More people are using online services.</li> </ul>	<ul style="list-style-type: none"> <li>• Some people may find it difficult with touch screen.</li> </ul>
<ul style="list-style-type: none"> <li>• Warm spaces have funding up front.</li> </ul>	<ul style="list-style-type: none"> <li>• Will there be more warm spaces?</li> </ul>
<ul style="list-style-type: none"> <li>• Have a navigation system on the website.</li> </ul>	<ul style="list-style-type: none"> <li>• What would happen to the areas in the council house?</li> </ul>
<ul style="list-style-type: none"> <li>• Need to reuse the space.</li> </ul>	<ul style="list-style-type: none"> <li>• Will enough people know about the warm spaces?</li> </ul>
<ul style="list-style-type: none"> <li>• How can we advertise to homeless people?</li> </ul>	

Time Commenced – 5.01pm  
Adjourned – 6.58pm  
Reconvened – 17 January 2023 – 5.00pm  
Time Finished – 6.55pm

## Executive Scrutiny Board

16 January 2023

Present: Councillor Repton (Chair)  
Councillors Care, Carr, Dhindsa, M Holmes, Jennings, Martin, Roulstone, Whitby

In attendance: Councillor Barker - Deputy Leader of the Council and Cabinet Member for Governance  
Councillor Eyre - Cabinet Member for Community Development, Place and Tourism  
Councillor Hassall - Cabinet Member for Regeneration, Decarbonisation, Strategic Planning and Transport  
Councillor J Pearce - Cabinet Member for Streetpride, Leisure and Public Spaces  
Councillor Poulter - Leader of the Council and Cabinet Member for Strategy and Policy  
Councillor Smale - Cabinet Member for Finance, Digital and Culture  
Councillor Webb - Cabinet Member for Adults, Health and Housing  
Councillor Williams – Cabinet Member for Children and Young People and Skills  
Councillors Hezelgrave, Lind, Naitta, Nawaz, Rawson, Skelton  
Verna Bayliss – Director of Planning, Transportation and Engineering  
Andy Brammall – Director of Digital and Customer Services  
Clare Davenport – Director of Leisure, Culture and Tourism  
Emily Feenan – Director of Legal, Procurement and Democratic Services and Monitoring Officer  
Heather Greenan – Director of Policy, Insight and Communications  
Suanne Lim – Director of Early Help and Children’s Social Care  
Steven Mason – Democratic Services Officer  
Gurmail Nizzer – Director of Integrated CYP Commissioning  
Rachel North – Strategic Director of Communities and Place  
Alison Parkin – Director of Financial Services  
Simon Riley – Strategic Director of Corporate Resources  
Perveez Sadiq – Director of Adult Social Care Services  
Paul Simpson – Chief Executive  
Andy Smith – Strategic Director of People Services

### 62/22 Apologies for Absence

There were none.

### 63/22 Late Items

There were none.

### 64/22 Declarations of Interest

There were none.

## 65/22 Budget Proposals 2023/24 – 2025/26

The Board received a report of the Strategic Director of Corporate Resources on Budget Proposals 2023/24 – 2025/26.

It was reported that on 21 of December 2022 Council Cabinet approved for public consultation on the Budget proposals for the period 2023/24 to 2025/26, to run from 22 December 2022 to 28 January 2023.

Members noted that the Budget detailed the resourcing plans for delivering the Council Plan agreed in February 2022 which set out a new Vision for Derby ‘Ambitious for Derby’ and priorities linked to four partnership themes (Growth, Green, Resilient and Vibrant).

It was also reported that the Medium-Term Financial Plan (MTFP) assumed delivery of £16.554m of budget savings and additional income in 2023/24, and an increase in Council Tax of 4.99% (this included 2% specifically for social care).

It was noted that the MTFP incorporated £32.357m of pressures in 2023/24, to address demand and cost pressures and to invest in Council priorities.

It was reported that scrutiny of Council Priorities and its resourcing detailed in the MTFP was an integral part of Executive Scrutiny Board’s functions and that the Board could then make any appropriate recommendations to Council Cabinet.

Members noted that the setting of a balanced budget for 2023/24 had been challenging against a backdrop of very volatile public sector finances and that this has required the development of a significant number of savings proposals across all Council activities.

To allow for effective scrutiny, the Chair of Executive Scrutiny Board agreed to the scrutiny taking place over the following two sessions of the Board.

16 January 2023:

- Scrutiny of Budget Strategy (Main Report)
- Scrutiny of Communities and Place and Corporate Resources Savings Proposals (Appendix 2)
- Scrutiny of Communities and Place and Corporate Resources Pressures (Appendix 3)
- Scrutiny of Revenue Reserves (Appendix 4)

17 January 2023:

- Scrutiny of People Services Savings Proposals (Appendix 2)
- Scrutiny of People Services Pressures (Appendix 1)
- Scrutiny of Capital Programme (Appendix 5)

The first part of the meeting covered Corporate Resources. Councillor Barker – Deputy Leader of the Council and Cabinet Member for Governance, outlined the main proposals and pressures within his portfolio.

There was considerable discussion and Members asked questions, raised concerns, and sought assurances in relation to a number of issues including:



- The viability of the council going forward, with the proposed staff reductions.
- Fewer staff, leading to less inspections (trees, for example) and the possible impact on insurance risk.
- Property rationalisation.
- Reduction in opening hours at the “front door” and the introduction of self-service.
- The reduction in audit coverage.
- The centralisation of business support and administration functions.
- Procurement and the use of waivers.
- IT savings.
- The possibility of the council selling its procurement services to other councils.’

The second part of the meeting covered Communities and Place. Councillor J Pearce – Cabinet Member for Streetpride, Leisure and Public Spaces, outlined the main proposals and pressures relevant to his portfolio.

There was considerable discussion and Members asked questions, raised concerns, and sought assurances in relation to a number of issues including:

- The funding gap in relation to Highways.
- The availability of Leisure Services.
- Problems with litter.
- Blue bins and brown bins and any related charges.
- Tackling environmental waste and fly tipping.
- Parks being a valuable resource and important for health.

Councillor Hassall – Cabinet Member for Regeneration, Decarbonisation, Strategic Planning and Transport, covered the main proposals and pressures within his portfolio.

There was considerable discussion and Members asked questions, raised concerns, and sought assurances in relation to a number of issues including:

- Cuts being counterproductive in terms of less economic regeneration and development.
- The impact upon attracting international development.
- The proposed reduction of officers, including Regeneration officers.
- The current level of reserves, use of reserves and the effect of the Pandemic on the use of those reserves.

Councillor Eyre – Cabinet Member for Community Development, Place and Tourism, outlined the main proposals and pressures relevant to his portfolio.

There was considerable discussion and Members asked questions, raised concerns, and sought assurances in relation to a number of issues including:

- The Christmas offer for the city.
- The cuts in relation to the closure of Community Managed Libraries (CML) and associated staff.
- The future use of CML buildings.
- The invite for expressions of interest for community groups to take over buildings associated with the CML project.

- Better Together – the strategic vision, the strategic lead and the impact of the budget proposals upon its delivery.
- The link between Highways functions, engineering projects and Community teams.

In the absence of Councillor Smale – Cabinet Member for Finance, Digital and Culture, for the first session, the Strategic Director of Corporate Resources and the Strategic Director for Communities and Place outlined the main proposals and pressures relevant to his portfolio.

There was considerable discussion and Members asked questions, raised concerns, and sought assurances in relation to a number of issues including:

- Proposed cuts in relation to Derby Live and Derby Live staffing.
- Reductions in the number of events.
- The impact of the proposals on any future application for City of Culture status.
- How the Museum Service will achieve its savings.

The third part of the meeting covered People Services. Councillor Williams – Cabinet Member for Children and Young People and Skills, spoke about the main proposals and pressures in relation to her portfolio.

There was considerable discussion and Members asked questions, raised concerns, and sought assurances in relation to a number of issues including:

- The cost of out of area placements.
- The deletion of the Exiting Care Team.
- Fostering Care allowances.
- Reductions in the School Improvement Team.
- Home to School Transport savings.
- Social Work vacancies, the demand for services and individual caseloads.
- Early Help savings.
- The work of NEET employees and the provision of youth workers.
- The opportunities represented by the role that communities can play in providing personal support.
- Cuts to Statutory Services.

Councillor Webb – Cabinet Member for Adults, Health and Housing, summarised the main proposals and pressures within his portfolio.

There was considerable discussion and Members asked questions, raised concerns, and sought assurances in relation to a number of issues including:

- Bed blocking and the lack of facilities in residential housing.
- Shared Lives savings.
- Cuts to Home First and occupational therapists.
- Scaled down Care packages for people in the community.
- Funding for mental health day services.
- Personal care and the use of Telecare.
- The possibility of engaging the community more for preventative work.

The final part of the meeting covered the capital budget. Councillor Smale – Cabinet Member for Finance, Digital and Culture, covered the main proposals and pressures in relation to this.

There was considerable discussion and Members asked questions, raised concerns, and sought assurances in relation to a number of issues including:

- Capital projects that had been stopped or delayed, such as the Guildhall.
- The money available for the Christmas offer and the forthcoming coronation event.
- The reprofiling of longer-term projects.
- Slippages to projects.
- Energy projects.
- The ability to reprofile projects that have a return on investment so that they can be added into the capital programme.

**The Executive Scrutiny Board agreed the following resolution:**

**In light of these unacceptable cuts and service reductions that will badly impact and affect the lives of many thousands of people here in Derby, Executive Scrutiny Board requests Council Cabinet to again urgently ask for a cross-party meeting with relevant Government Ministers to get a more favourable financial settlement or help.**

MINUTES END

## Summary Capital Expenditure Programme 2022/23 – 2024/25 General Fund

Programme Area	2022/23 Revised £m	2023/24 Revised £m	2024/25 Original £m	Total £m
<b>Expenditure</b>				
Schools	29.494	9.646	1.470	<b>40.610</b>
Housing General Fund	5.807	3.434	2.788	<b>12.029</b>
Property	19.031	6.695	7.123	<b>32.849</b>
Flood Defence	0.436	0.250	0.250	<b>0.936</b>
Highways & Transport	59.298	9.089	7.030	<b>75.417</b>
Vehicles Plant & Equipment	7.038	1.353	0.731	<b>9.123</b>
Regeneration	65.684	47.495	14.339	<b>127.518</b>
ICT	4.144	1.590	0.915	<b>6.649</b>
Corporate	1.811	2.557	44.316	<b>48.684</b>
<b>Total</b>	<b>192.744</b>	<b>82.109</b>	<b>78.962</b>	<b>353.815</b>

## Summary Capital Funding 2022/23 - 2024/25

Funding Source	2022/23 Revised £m	2023/24 Revised £m	2024/25 Original £m	Total £m
Supported Capital Expenditure Capital (SCE C)	25.498	14.866	1.137	<b>41.501</b>
Devolved SCE C Direct to Schools	0.759	0.120	0.120	<b>0.999</b>
Government Grants	75.983	20.417	21.452	<b>117.852</b>
External contributions	7.742	4.817	0.265	<b>12.824</b>
Section 106	8.904	0.136	0.012	<b>9.052</b>
<b>Total External Funding</b>	<b>118.886</b>	<b>40.356</b>	<b>22.986</b>	<b>182.228</b>
<b>Funding Requirement</b>				
<b>Funded By</b>				
Capital Receipts	9.021	1.849	1.088	<b>11.958</b>
Revenue Funding	1.119	0.711	0.537	<b>2.367</b>
Reserves	2.541	-	-	<b>2.541</b>
Serviced Financed Borrowing	2.237	0.851	0.272	<b>3.360</b>
Potential Borrowing	58.940	38.342	54.079	<b>151.361</b>
Total Internal Resources	<b>73.858</b>	<b>41.753</b>	<b>55.976</b>	<b>171.587</b>
<b>Total Funding</b>	<b>192.744</b>	<b>82.109</b>	<b>78.962</b>	<b>353.815</b>

## Housing Revenue Account Capital Programme 2022/23 – 2024/25

	2022/23 Revised £m	2023/24 Revised £m	2024/25 Original £m	Total £m
<b>Expenditure</b>	33.469	40.038	40.877	<b>114.384</b>
<b>Funding Source:</b>				
Capital Receipts	7.458	10.596	10.951	<b>29.005</b>
MRA	26.011	29.442	29.926	<b>85.379</b>
<b>Total Funding</b>	<b>33.469</b>	<b>40.038</b>	<b>40.877</b>	<b>114.384</b>

### Key of Funding Sources

UBC	Corporate Unsupported Borrowing
USBSF	Unsupported Borrowing Service Financed
SCE C	Supported Capital Expenditure - Capital
GG	Government Grants
CR	Capital receipts
CRES	Capital Reserves
SR	Service reserves
RCCO	Revenue Contributions to Capital outlay
S106	Section 106 Contributions
EC	External Contributions
MRA	Major Repairs Allowance

Strategy Area	Title	Funding Source	Revised 2023/24 £m	Revised 2024/25 £m	Original 2025/26 £m	Total £m
Schools	Devolved Formula Capital - Confirmed Allocation	SCE C DFC	0.759	0.120	0.120	<b>0.999</b>
Schools	Adaptions For Foster Carers	SCE C	0.075	-	-	<b>0.075</b>
Schools	Buildings at Risk urgent condition and suitability schemes	SCE C SCA	0.776	-	-	<b>0.776</b>
Schools	School Condition work funding pot	SCE C SCA	1.100	1.100	1.100	<b>3.300</b>
Schools	Capital works delivered by schools	SR	0.250	0.250	0.250	<b>0.750</b>
Schools	Brackensdale Infant and Junior – Expansion Design	S106	0.300	-	-	<b>0.300</b>
Schools	Fellows Lands Way Primary s106	S106/SCE C	4.931	0.124	-	<b>5.055</b>
Schools	Chellaston Secondary School - Homeleigh Way Contribution	S106/SCE C /SCE C BN	3.676	-	-	<b>3.676</b>
Schools	SEND Provision - Schools	SCE C SPF/ SCE C HNP/ UBC	12.352	4.316	-	<b>16.668</b>
Schools	Secondary School Expansion Scheme	SCE C BN/ UBC	0.830	-	-	<b>0.830</b>
Schools	Ravensdale Infant School - New Build	SCE C SCA	0.004	-	-	<b>0.004</b>
Schools	Littleover S106 Expansion - 2021 to 2023	S106	0.300	-	-	<b>0.300</b>
Schools	Ashgate Primary School - External Area Feasibility	SCE C SCA	0.002	-	-	<b>0.002</b>
Schools	Becket Primary - Heating System Feasibility	SCE C SCA	0.005	-	-	<b>0.005</b>
Schools	Becket Primary - Renew Flat Roof Feasibility	SCE C SCA	0.004	-	-	<b>0.004</b>
Schools	Dale Primary - Window Phase 2 Feasibility	SCE C SCA	0.003	-	-	<b>0.003</b>
Schools	Gayton School - External Area Feasibility	SCE C SCA	0.002	-	-	<b>0.002</b>
Schools	Kingsmead School - Renew Fire Doors	SCE C SCA	0.002	-	-	<b>0.002</b>
Schools	Littleover Community School - Roof Feasibility	SCE C SCA	0.254	-	-	<b>0.254</b>
Schools	Littleover Community School - Windows Feasibility	SCE C SCA	0.002	-	-	<b>0.002</b>
Schools	Murray Park - Heating System Feasibility	SCE C SCA	0.002	-	-	<b>0.002</b>
Schools	Oakwood Infant - Fire Doors Feasibility	SCE C SCA	0.002	-	-	<b>0.002</b>
Schools	Children's Home Accommodation Strategy	UBC	0.340	0.600	-	<b>0.940</b>
Schools	D2N2 Children's Homes	UBC	0.150	-	-	<b>0.150</b>
Schools	Bemrose Secondary School - Dining Block Boiler	SCE C SCA	0.002	-	-	<b>0.002</b>
Schools	Parkview Primary - Replacement Boiler	SCE C SCA	0.003	-	-	<b>0.003</b>
Schools	Silverhill Primary - Roofing	SCE C SCA	0.003	-	-	<b>0.003</b>
Schools	Peartree Infant - Window Replacement	SCE C SCA	0.002	-	-	<b>0.002</b>
Schools	Shelton Junior School - Fire Risk Assessment Works	SCE C SCA	0.002	-	-	<b>0.002</b>
Schools	Silverhill Primary School - Fire Risk Assessment Works	SCE C SCA	0.002	-	-	<b>0.002</b>
Schools	Noel Baker Academy - Two New Teaching Blocks	S106	0.353	-	-	<b>0.353</b>
Schools	Priority Homes 2 Inspire	UBC	0.006	-	-	<b>0.006</b>
Schools	St Benedict's School Expansion	SCE C BN/ UBC	3.000	3.136	-	<b>6.136</b>
<b>SCHOOLS TOTAL</b>			<b>29.494</b>	<b>9.646</b>	<b>1.470</b>	<b>40.610</b>

Strategy Area	Title					Total £m
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		Funding Source	Revised 2023/24 £m	Revised 2024/25 £m	Original 2025/26	
Housing General Fund	Disabled Facilities Grant 96 Act	GG	2.323	2.323	2.323	<b>6.969</b>
Housing General Fund	Capitalised Salaries	EC	0.085	0.085	0.085	<b>0.255</b>
Housing General Fund	Healthy Housing Assistance	GG	0.200	0.200	0.200	<b>0.600</b>
Housing General Fund	Empty Property Assistance	EC	0.230	0.230	0.180	<b>0.640</b>
Housing General Fund	Community Energy Savings Project (CESP)	EC	0.523	-	-	<b>0.523</b>
Housing General Fund	City Centre Living	CR	0.148	-	-	<b>0.148</b>
Housing General Fund	Works at Shelton Lock	EC/GG	0.050	-	-	<b>0.050</b>
Housing General Fund	Performance Venue - Padley Centre	GG/UBC/UBSF	0.876	-	-	<b>0.876</b>
Housing General Fund	Carelink Equipment	GG	0.176	-	-	<b>0.176</b>
Housing General Fund	Carelink Equipment - DFG Element	GG	0.100	-	-	<b>0.100</b>
Housing General Fund	Home Upgrade Grant (HUG) 2	GG	0.596	0.596	-	<b>1.192</b>
Housing General Fund	HIA Energy Efficiency	EC	0.500	-	-	<b>0.500</b>
<b>HOUSING GENERAL FUND TOTAL</b>			<b>5.807</b>	<b>3.434</b>	<b>2.788</b>	<b>12.029</b>

Strategy Area	Title	Funding Source	Revised 2023/24 £m	Revised 2024/25 £m	Original 2025/26	Total £m
Property	Darley Park Improvement	S106	0.049	-	-	<b>0.049</b>
Property	Oakwood Park Improvements	S106	0.040	-	-	<b>0.040</b>
Property	Parklife Strategic Football Hub	EC/S106/UBC	11.902	-	-	<b>11.902</b>
Property	Bridgden Avenue Allotments	S106	0.016	-	-	<b>0.016</b>
Property	St Mary's Broadwalk	S106	0.075	-	-	<b>0.075</b>
Property	Mackworth Park	S106	0.002	-	-	<b>0.002</b>
Property	Stockbrook Street Recreation Ground	S106	0.024	-	-	<b>0.024</b>
Property	South Avenue Park - Spondon	S106	0.080	-	-	<b>0.080</b>
Property	Levelling Up Parks Fund	GG	0.067	-	-	<b>0.067</b>
Property	Chaddesden Wood Local Nature Reserve	S106	0.012	0.012	0.012	<b>0.036</b>
Property	Lawn Tennis Association Park Refurbishments	EC	0.043	0.043	-	<b>0.086</b>
Property	Parks & Open Spaces Rolling Programme	UBC	0.250	0.250	0.250	<b>0.750</b>
Property	Planned Maintenance	SCE C	-	1.676	1.843	<b>3.519</b>
Property	GEN - Capitalised Salaries - Valuer	CR	0.037	0.037	0.037	<b>0.111</b>
Property	Various sites boundary improvements	UBC	-	0.517	0.569	<b>1.086</b>
Property	Various sites fire precaution	UBC	-	0.319	0.351	<b>0.670</b>
Property	Darley Playing Fields	UBC	-	0.303	0.333	<b>0.636</b>
Property	Preliminary Design- Structural and Buildings at risk	UBC	0.250	0.242	0.266	<b>0.758</b>
Property	Swimming Pool New Build	UBC	0.350	0.150	-	<b>0.500</b>
Property	Various Electrical Rewiring	UBC	-	0.506	0.557	<b>1.063</b>
Property	HOP - Reconfiguration, Redevelopment, Relocation, Remodelling	UBC	0.352	0.770	0.847	<b>1.969</b>
Property	Pickford House Museum	UBC	0.090	-	-	<b>0.090</b>
Property	Council House - Detailed Survey	CR	0.548	0.242	0.266	<b>1.056</b>
Property	Energy Projects	UBC	0.295	0.275	0.303	<b>0.873</b>



Strategy Area	Title	Funding Source	Revised 2023/24 £m	Revised 2024/25 £m	Original 2025/26	Total £m
Property	Disabled Access	UBC	0.102	0.110	0.121	<b>0.333</b>
Property	Kedleston Road - Heating System	UBC	0.977	0.440	0.484	<b>1.901</b>
Property	Assembly Rooms Main Building	UBC	0.103	-	-	<b>0.103</b>
Property	Various Boiler Replacement	UBC	-	0.748	0.823	<b>1.571</b>
Property	Various Lighting Protection	UBC	-	0.055	0.061	<b>0.116</b>
Property	MEND	UBC	0.500	-	-	<b>0.500</b>
Property	Multicultural Education Centre - Heating System Improvement	UBC	0.190	-	-	<b>0.190</b>
Property	Moorways Stadium - Improvement to Track & Stadium	UBC	0.300	-	-	<b>0.300</b>
Property	Demolition Works - Various Sites	UBC	0.090	-	-	<b>0.090</b>
Property	Southgate Education Centre - Structural Improvement	UBC	0.030	-	-	<b>0.030</b>
Property	Darley Park Rangers Centre - Roof Replacement	UBC	0.210	-	-	<b>0.210</b>
Property	Whitaker T2 - Window Replacement	UBC	0.020	-	-	<b>0.020</b>
Property	2 Stanley Road - Window Replacement	UBC	0.020	-	-	<b>0.020</b>
Property	Ashtree House - Window Replacement	UBC	0.050	-	-	<b>0.050</b>
Property	Springwood Leisure Centre - Heating System Improvements	UBC	0.129	-	-	<b>0.129</b>
Property	Corporate Contingency S151 Approval Only	UBC	0.300	-	-	<b>0.300</b>
Property	Bold Lane and Chapel Street - BaR Car Parks	UBC	0.733	-	-	<b>0.733</b>
Property	Chaddesden Park Buildings	UBC	0.082	-	-	<b>0.082</b>
Property	LUF Fund for Disabled Toilet Facilities	UBC	0.252	-	-	<b>0.252</b>
Property	Market Place Water Feature	UBC	0.053	-	-	<b>0.053</b>
Property	Multi-Cultural Education Centre	UBC	0.272	-	-	<b>0.272</b>
Property	Rosehill Children's Centre	UBC	0.136	-	-	<b>0.136</b>
<b>PROPERTY TOTAL</b>			<b>19.031</b>	<b>6.695</b>	<b>7.123</b>	<b>32.849</b>

Strategy Area	Title	Funding Source	Revised 2023/24 £m	Revised 2024/25 £m	Original 2025/26	Total £m
Flood Defence	Local flood alleviation scheme	UBC	0.350	0.250	0.250	<b>0.850</b>
Flood Defence	Cuttlebrook Flood Alleviation Scheme	GG	0.020	-	-	<b>0.020</b>
Flood Defence	Kings Croft Drainage Design	UBC	0.035	-	-	<b>0.035</b>
Flood Defence	Oakwood Flood Study	UBC	0.011	-	-	<b>0.011</b>
Flood Defence	Thulston Brook Flood Study	UBC	0.010	-	-	<b>0.010</b>
Flood Defence	Previsico – Flood Defence Software	UBC	0.010	-	-	<b>0.010</b>
<b>FLOOD DEFENCE TOTATL</b>			<b>0.436</b>	<b>0.250</b>	<b>0.250</b>	<b>0.936</b>

Strategy Area	Title	Funding Source	Revised 2023/24 £m	Revised 2024/25 £m	Original 2025/26	Total £m
Highways & Transport	Integrated Transport Programme – smaller scheme	GG/UBC	-	2.536	2.536	<b>5.072</b>
Highways & Transport	Asset Management – Highways Maintenance	GG/S106/ SCE C/UBC	4.623	3.509	3.509	<b>11.641</b>
Highways & Transport	Asset Management – Structures Maintenance	SCE C	1.155	0.610	0.610	<b>2.375</b>
Highways & Transport	Asset Management – ITS Network Management Maintenance	SCE C/UBC	0.482	0.375	0.375	<b>1.232</b>
Highways & Transport	Network Management – Strategic Network Management	GG/SCE C/ UBC	0.492	-	-	<b>0.492</b>
Highways & Transport	Network Management – Local Traffic Management	SCE C/UBC	0.305	-	-	<b>0.305</b>
Highways & Transport	Active Travel – Cycle Derby	S106/UBC	0.397	-	-	<b>0.397</b>
Highways & Transport	Public Transport – Public Transport	UBC	0.552	-	-	<b>0.552</b>
Highways & Transport	Street Lighting LED Replacement	UBSS	0.880	-	-	<b>0.880</b>
Highways & Transport	Asset Management – Land Drainage & Flood Defence	SCE C/UBC	1.011	0.100	-	<b>1.111</b>
Highways & Transport	Highways Infrastructure	UBC	0.188	-	-	<b>0.188</b>
Highways & Transport	Highways Trees	UBC	0.150	-	-	<b>0.150</b>
Highways & Transport	Kingsway Roundabout	UBC	0.450	-	-	<b>0.450</b>
Highways & Transport	The Bus Service Improvement Plan	GG	1.970	1.959	-	<b>3.929</b>
Highways & Transport	TCF Tranche 2 – Interchangeable Hubs	GG	4.846	-	-	<b>4.846</b>
Highways & Transport	TCF Tranche 2 – Public Realm	GG	4.573	-	-	<b>4.573</b>
Highways & Transport	TCF Tranche 2 – Cycle Expressway	GG	2.950	-	-	<b>2.950</b>
Highways & Transport	TCF Tranche 2 – Bus Priority	GG	1.330	-	-	<b>1.330</b>
Highways & Transport	TCF Tranche 2 – Park & Ride	GG	6.474	-	-	<b>6.474</b>
Highways & Transport	TCF Tranche 2 – Bus & Rapid Transit Links	GG	21.423	-	-	<b>21.423</b>
Highways & Transport	TCF Tranche 2 – LCWIP	GG	3.957	-	-	<b>3.957</b>
Highways & Transport	Future Transport Zone	GG	1.090	-	-	<b>1.090</b>
<b>HIGHWAYS &amp; TRANSPORT TOTAL</b>			<b>59.298</b>	<b>9.089</b>	<b>7.030</b>	<b>75.417</b>

Strategy Area	Title	Funding Source	Revised 2023/24 £m	Revised 2024/25 £m	Original 2025/26	Total £m
Vehicles Plant & Equipment	Grounds Plant & Equipment	CR/RCCO/UBSF	0.389	0.235	0.416	<b>1.040</b>
Vehicles Plant & Equipment	Refuse Vehicles & Plant	CR/RCCO/UBSF	2.104	1.030	0.316	<b>3.450</b>
Vehicles Plant & Equipment	Street Cleaning Equipment	CR/CRES/RCCO/UBC/UBSF	1.016	0.088	-	<b>1.104</b>
Vehicles Plant & Equipment	Highways Fleet	CRES/RCCO/UBSF	0.250	-	-	<b>0.250</b>
Vehicles Plant & Equipment	Replacement of Leased Vehicles	UBSF	0.096	-	-	<b>0.096</b>
Vehicles Plant & Equipment	Public Realm Equipment	S106	0.010	-	-	<b>0.010</b>
Vehicles Plant & Equipment	Safer Street Fund - Phase 4	GG	0.103	-	-	<b>0.103</b>
Vehicles Plant & Equipment	Outdoor Facility at Markeaton Park	UBC	0.070	-	-	<b>0.070</b>
Vehicles Plant & Equipment	Crematorium	UBC	3.000	-	-	<b>3.000</b>
<b>VEHICLES, PLANT &amp; EQUIPMENT TOTAL</b>			<b>7.038</b>	<b>1.353</b>	<b>0.732</b>	<b>9.123</b>

Strategy Area	Title	Funding Source	Revised 2023/24 £m	Revised 2024/25 £m	Original 2025/26	Total £m
Regeneration	IPD Accelerated Development Contingency	EC/SCE C/ UBC	-	3.728	-	<b>3.728</b>
Regeneration	Becket Well Regeneration	CR/UBC	0.291	0.055	-	<b>0.346</b>
Regeneration	Access Osmaston	EC/SCE C/ UBC	0.165	-	-	<b>0.165</b>
Regeneration	Creative Pathways	S106	0.040	-	-	<b>0.040</b>
Regeneration	Derby Enterprise Growth Fund – Recycled	CR/UBC	0.559	-	-	<b>0.559</b>
Regeneration	Brook realignment	EC/SCE C/ UBC	0.026	-	-	<b>0.026</b>
Regeneration	Assembly Rooms Site Demolition	CR/CRES/ RCCO/SR	4.483	-	-	<b>4.483</b>
Regeneration	Castleward – CPO	CR	1.392	2.316	-	<b>3.708</b>
Regeneration	MRC Midlands (NAMRC)	UBC	0.158	-	-	<b>0.158</b>
Regeneration	Smartparc	UBC	2.821	-	-	<b>2.821</b>
Regeneration	City Growth Fund	SCE C	1.355	1.000	-	<b>2.355</b>
Regeneration	Becketwell Performance Venue Fees	UBC	0.223	0.110	-	<b>0.333</b>
Regeneration	Carbon Reduction Fund	SCE C	2.200	-	-	<b>2.200</b>
Regeneration	New Performance Venue at Becketwell	UBC	22.301	17.467	-	<b>39.768</b>
Regeneration	Market Hall Refurbishments – Phase 2	GG/UBC	10.256	7.190	-	<b>17.446</b>
Regeneration	Eastern Gateway	GG	4.627	1.502	-	<b>6.129</b>
Regeneration	ERDF GIP3	GG	0.200	-	-	<b>0.200</b>
Regeneration	Becketwell Regeneration Contingency	UBC	-	0.127	-	<b>0.127</b>
Regeneration	FHSH Connecting Works	GG	0.489	-	-	<b>0.489</b>
Regeneration	Garden Village	GG	0.100	-	-	<b>0.100</b>
Regeneration	Regeneration Capital Loans	SCE C	0.750	-	-	<b>0.750</b>
Regeneration	Assemble Learning Theatre	UBC	0.640	-	-	<b>0.640</b>
Regeneration	Our City Our River	GG	0.345	0.357	0.447	<b>1.149</b>
Regeneration	Our City Our River – Package 1	GG	0.940	-	-	<b>0.940</b>
Regeneration	Our City Our River – Package 2	GG	10.735	13.643	13.892	<b>38.270</b>
Regeneration	Our City Our River – Package 3	GG	-	-	-	<b>-</b>
Regeneration	Our City Our River – Munio	GG	0.588	-	-	<b>0.588</b>
<b>REGENERATION TOTAL</b>			<b>65.684</b>	<b>47.495</b>	<b>14.339</b>	<b>127.518</b>

Strategy Area	Title	Funding Source	Revised 2023/24 £m	Revised 2024/25 £m	Original 2025/26	Total £m
ICT	Major IT Hardware Developments	CR/SCE C	3.349	1.295	0.620	<b>5.264</b>
ICT	Major IT Systems Developments - HR System Replacement	CR	0.500	-	-	<b>0.500</b>
ICT	Major IT Systems Developments	SCE C	0.295	0.295	0.295	<b>0.885</b>
<b>ICT TOTAL</b>			<b>4.144</b>	<b>1.590</b>	<b>0.915</b>	<b>6.649</b>

Strategy Area	Title	Funding Source	Revised 2023/24 £m	Revised 2024/25 £m	Original 2025/26	Total £m
Corporate	Future Investment Fund	UBC	1.811	2.557	44.316	48.684
<b>CORPORATE TOTAL</b>			<b>1.811</b>	<b>2.557</b>	<b>44.316</b>	<b>48.684</b>

Strategy Area	Title	Funding Source	Revised 2023/24 £m	Revised 2024/25 £m	Original 2025/26	Total £m
HRA	Estates Pride - General	MRA	0.350	0.350	0.350	1.050
HRA	PVCU Windows & Doors	MRA	1.500	1.500	1.500	4.500
HRA	Capital Salaries Mods Liaison	MRA	0.700	0.700	0.700	2.100
HRA	Kitchens and Bathrooms	MRA	3.925	3.949	3.949	11.823
HRA	One-off Mods/Major Refurbishments	MRA	0.750	0.750	0.750	2.250
HRA	Re-Roofing	MRA	1.500	1.500	1.500	4.500
HRA	Disability Adaptions	MRA	0.700	0.700	0.700	2.100
HRA	Communal Door Entry Systems	MRA	0.050	0.050	0.050	0.150
HRA	New & Replacement Central Heating	MRA	2.000	2.000	2.000	6.000
HRA	Rewiring/Electrical Upgrades	MRA	0.500	0.500	0.500	1.500
HRA	Solid Wall Installation	MRA	0.550	0.550	0.550	1.650
HRA	New Build and Acquisitions	MRA/CR	2.100	2.600	2.600	7.300
HRA	The Knoll NB	MRA/CR	0.350	3.246	-	3.596
HRA	Emergency call system replacement	MRA/CR	0.582	-	-	0.582
HRA	Riverview Site (Previously Brit Court)	MRA/CR	0.843	2.750	0.050	3.643
HRA	Barlow Street	MRA/CR	-	0.740	-	0.740
HRA	HRA Fire Safety	MRA/CR	0.500	0.500	0.500	1.500
HRA	Rivermead Refurbishment	MRA	1.350	-	-	1.350
HRA	HRA Shops	MRA	0.200	0.250	0.250	0.700
HRA	Oakland Avenue	MRA/CR	0.680	-	-	0.680
HRA	Crompton Street	MRA/CR	0.490	-	-	0.490
HRA	The Grange	MRA/CR	3.600	2.445	-	6.045
HRA	Chesapeake - NB	MRA/CR	0.350	-	-	0.350
HRA	Whitaker Street	MRA/CR	0.290	-	-	0.290
HRA	Cummings Street Car Park	MRA/CR	0.050	-	-	0.050
HRA	Elm Tree/Oak Tree Avenue	MRA/CR	0.450	-	-	0.450
HRA	Green Homes Grant Programme	MRA/CR	1.000	1.000	1.000	3.000
HRA	Former Council House Acquisitions	MRA/CR	1.200	1.200	1.200	3.600
HRA	Water Service - HRA	MRA	0.150	0.150	0.100	0.400
HRA	Falcon - HRA	MRA/CR	0.625	-	-	0.625
HRA	Brentford Drive - HRA	MRA/CR	0.334	0.800	0.050	1.184
HRA	Warwick House - HRA	MRA/CR	1.076	4.070	0.072	5.218
HRA	Integrated Solar Panels	MRA	0.900	0.900	0.900	2.700
HRA	Mickleover Bungalow (Naseby Close)	MRA/CR	0.350	-	-	0.350
HRA	HRA Pre-Development Costs	MRA/CR	3.474	6.838	21.606	31.918
<b>HRA TOTAL</b>			<b>33.469</b>	<b>40.038</b>	<b>40.877</b>	<b>114.384</b>

## Summary of Unsupported Borrowing 2023/24 - 2025/26

Strategy Area	Scheme	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
<b>Corporate Unsupported Borrowing</b>					
Corporate Resources	MTFP Provision for Future Investments	1.811	2.557	44.316	<b>48.684</b>
Flood Defence	Local flood alleviation scheme	0.350	0.250	0.250	<b>0.850</b>
Flood Defence	Kings Croft Drainage Design	0.035	-	-	<b>0.035</b>
Flood Defence	Oakwood Flood Study	0.011	-	-	<b>0.011</b>
Flood Defence	Thulston Brook Flood Study	0.010	-	-	<b>0.010</b>
Flood Defence	Previsico - Flood Defence Software	0.010	-	-	<b>0.010</b>
Highways & Transport	Integrated Transport Programme - smaller scheme	-	1.536	1.535	<b>3.071</b>
Highways & Transport	Asset Management - Highways Maintenance	0.100	0.904	0.904	<b>1.908</b>
Highways & Transport	Asset Management - ITS Network Management Maintenance	0.283	-	-	<b>0.283</b>
Highways & Transport	Network Management - Strategic Network Management	0.051	-	-	<b>0.051</b>
Highways & Transport	Network Management - Local Traffic Management	0.160	-	-	<b>0.160</b>
Highways & Transport	Active Travel - Cycle Derby	0.005	-	-	<b>0.005</b>
Highways & Transport	Public Transport - Public Transport	0.552	-	-	<b>0.552</b>
Highways & Transport	Asset Management - Land Drainage & Flood Defence	0.481	0.100	-	<b>0.581</b>
Highways & Transport	Highways Infrastructure	0.188	-	-	<b>0.188</b>
Highways & Transport	Highways Trees	0.150	-	-	<b>0.150</b>
Highways & Transport	Kingsway Roundabout	0.450	-	-	<b>0.450</b>
Housing General Fund	Performance Venue - Padley Centre	0.026	-	-	<b>0.026</b>
Parks & Open Spaces	Parklife Strategic Football Hub	5.128	-	-	<b>5.128</b>
Parks & Open Spaces	Parks & Open Spaces Rolling Programme	0.250	0.250	0.250	<b>0.750</b>
Property	2 Stanley Road - Window Replacement	0.020	-	-	<b>0.020</b>
Property	Ashtree House - Window Replacement	0.050	-	-	<b>0.050</b>
Property	Assembly Rooms Main Building	0.103	-	-	<b>0.103</b>
Property	Bold Lane and Chapel Street - BaR Car Parks	0.732	-	-	<b>0.732</b>
Property	Chaddesden Park Buildings	0.082	-	-	<b>0.082</b>
Property	Corporate Contingency S151 Approval Only	0.300	-	-	<b>0.300</b>
Property	Council House - Detailed Survey	-	0.242	0.266	<b>0.508</b>
Property	Darley Park Rangers Centre - Roof Replacement	0.210	-	-	<b>0.210</b>
Property	Darley Playing Fields	-	0.303	0.333	<b>0.636</b>
Property	Demolition Works - Various Sites	0.090	-	-	<b>0.090</b>
Property	Disabled Access	0.102	0.110	0.121	<b>0.333</b>
Property	Energy Projects	0.295	0.275	0.303	<b>0.873</b>
Property	HOP - Reconfiguration, Redevelopment, Relocation, Remodelling	0.352	0.770	0.847	<b>1.969</b>
Property	Kedleston Road - Heating System	0.977	0.440	0.484	<b>1.901</b>
Property	LUF Fund for Disabled Toilet Facilities	0.252	-	-	<b>0.252</b>
Property	Market Place Water Feature	0.053	-	-	<b>0.053</b>
Property	MEND	0.500	-	-	<b>0.500</b>
Property	Moorways Stadium - Improvement to Track & Stadium	0.300	-	-	<b>0.300</b>
Property	Multi-Cultural Education Centre	0.272	-	-	<b>0.272</b>
Property	Multicultural Education Centre - Heating System Improvement	0.190	-	-	<b>0.190</b>
Property	Pickford House Museum	0.090	-	-	<b>0.090</b>
Property	Planned Maintenance	-	1.676	1.843	<b>3.519</b>
Property	Preliminary Design- Structural and Buildings at risk	-	0.242	0.266	<b>0.508</b>
Property	Rosehill Children's Centre	0.136	-	-	<b>0.136</b>
Property	Southgate Education Centre - Structural Improvement	0.030	-	-	<b>0.030</b>
Property	Springwood Leisure Centre - Heating System Improvements	0.129	-	-	<b>0.129</b>
Property	Swimming Pool New Build	0.350	0.150	-	<b>0.500</b>
Property	Various Boiler Replacement	-	0.748	0.823	<b>1.571</b>
Property	Various Electrical Rewiring	-	0.506	0.557	<b>1.063</b>
Property	Various Lighting Protection	-	0.055	0.061	<b>0.116</b>
Property	Various sites boundary improvements	-	0.517	0.569	<b>1.086</b>
Property	Various sites fire precaution	-	0.319	0.351	<b>0.670</b>
Property	Whitaker T2 - Window Replacement	0.020	-	-	<b>0.020</b>
Regeneration	IPD Accelerated Development Contingency	-	0.898	-	<b>0.898</b>
Regeneration	Becket Well Regeneration	0.030	-	-	<b>0.030</b>
Regeneration	MRC Midlands (NAMRC)	0.158	-	-	<b>0.158</b>
Regeneration	Smartparc	2.821	-	-	<b>2.821</b>
Regeneration	Becketwell Performance Venue Fees	0.123	0.110	-	<b>0.233</b>
Regeneration	New Performance Venue at Becketwell	22.302	17.467	-	<b>39.769</b>
Regeneration	Market Hall Refurbishments - Phase 2	5.993	7.190	-	<b>13.183</b>
Regeneration	Becketwell Regeneration Contingency	-	0.127	-	<b>0.127</b>
Regeneration	Assemble Learning Theatre	0.640	-	-	<b>0.640</b>



Schools	SEND Provision - Schools	5.432	-	-	<b>5.432</b>
Schools	Secondary School Expansion Scheme	0.529	-	-	<b>0.529</b>
Schools	Children's Home Accommodation Strategy	0.340	0.600	-	<b>0.940</b>
Schools	D2N2 Children's Homes	0.150	-	-	<b>0.150</b>
Schools	Priority Homes 2 Inspire	0.006	-	-	<b>0.006</b>
Schools	St Benedict's School Expansion	0.495	-	-	<b>0.495</b>
Vehicles Plant & Equipment	Street Cleaning Equipment	0.285	-	-	<b>0.285</b>
Vehicles Plant & Equipment	Outdoor Facility at Markeaton Park	0.070	-	-	<b>0.070</b>
Vehicles Plant & Equipment	Crematorium	3.000	-	-	<b>3.000</b>
<b>Total Corporate Unsupported Borrowing</b>		<b>58.060</b>	<b>38.342</b>	<b>54.079</b>	<b>150.481</b>
<b>Service Financed Spend to Save</b>					
Highways & Transport	Street Lighting LED Replacement	0.880	-	-	<b>0.880</b>
<b>Total Service Financed Spend to Save</b>		<b>0.880</b>	<b>-</b>	<b>-</b>	<b>0.880</b>
<b>Service Financed Borrowing</b>					
Housing General Fund	Performance Venue - Padley Centre	0.013	-	-	<b>0.013</b>
Vehicles Plant & Equipment	Grounds Plant & Equipment	0.091	-	0.034	<b>0.125</b>
Vehicles Plant & Equipment	Refuse Vehicles & Plant	1.468	0.771	0.238	<b>2.477</b>
Vehicles Plant & Equipment	Street Cleaning Equipment	0.370	0.080	-	<b>0.450</b>
Vehicles Plant & Equipment	Highways Fleet	0.199	-	-	<b>0.199</b>
Vehicles Plant & Equipment	Replacement of Leased Vehicles	0.096	-	-	<b>0.096</b>
<b>Total Service Financed Borrowing</b>		<b>2.237</b>	<b>0.851</b>	<b>0.272</b>	<b>3.360</b>



## Minimum Revenue Provision Statement 2023/24

### Annual Minimum Revenue Provision Statement 2023/24

An underpinning principle of the local authority financial system is that all capital expenditure must be financed either from capital receipts, capital grants (or other contributions), by debt or eventually from revenue.

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the capital expenditure is known as “Minimum Revenue Provision” (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the former Ministry of Housing, Communities and Local Government’s Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure a prudent provision is made from revenue over time to cover the total amount of capital expenditure needed to be met from revenue. A prudent provision is where the period over which MRP is charged is aligned to the period over which the capital expenditure provides benefits.

The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. However, the Guidance gives flexibility in how MRP is calculated, providing the calculation is ‘prudent.’

The following Statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

### Minimum Revenue Provision Policy

- For capital expenditure incurred before 1<sup>st</sup> April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined by charging an appropriate annuity rate over the remaining life in respect of that expenditure.
- For unsupported capital expenditure incurred after 31<sup>st</sup> March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets in equal instalments or as the principal repayment on an annuity basis, starting in the year after the asset becomes operational. For annuity basis, the interest rate charged is 4.3%.
- MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over the number of years specified in the MHCLG Guidance.
- For assets acquired by finance leases or Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- For local authorities, the Code of Practice on Local Authority Accounting in the United Kingdom (Codes) has delayed the implementation of IFRS 16 Leases to 1 April 2024. The Council is required to adopt IFRS 16 Leases accounting standard from 01<sup>st</sup> April 2024, no adjustments to MRP are required in 2023/24.

- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make zero MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the MHCLG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred on the loan is fully funded over the life of the assets.
- Where loans are accepted as funding for a specific project, the MRP charged will be equal to the loan principal repayments.
- Voluntary MRP may be made at the discretion of the Section 151 Officer.
- No MRP will be charged in respect of assets held within the Housing Revenue Account.
- Capital expenditure incurred during 2023/24 to be met from revenue will not be subject to a MRP charge until 2024/25 or the year after the asset becomes operational if later than 2024/25.

## Prudential Indicators

Prudential Indicators 2021/22 to 2025/26	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
<b>Capital Expenditure</b>					
General Fund	93.3	125.0	192.7	82.1	79.0
HRA	19.5	23.1	33.5	40.0	40.9
<b>Total Capital Expenditure</b>	<b>112.8</b>	<b>148.1</b>	<b>226.2</b>	<b>122.1</b>	<b>119.9</b>
<b>Capital Financing Requirement (CFR)</b>					
General Fund	511.9	458.0	515.8	546.4	586.0
HRA	210.7	210.7	210.7	210.7	210.7
<b>Total CFR</b>	<b>722.6</b>	<b>668.7</b>	<b>726.5</b>	<b>757.1</b>	<b>796.7</b>
<b>External Debt</b>					
Borrowing	336.9	329.4	325.5	315.0	314.9
Other long-term liabilities	80.6	79.3	74.7	69.8	65.0
<b>Gross Debt</b>	<b>417.5</b>	<b>408.7</b>	<b>400.2</b>	<b>384.8</b>	<b>379.9</b>
<b>Operational Boundary for External Debt</b>					
Borrowing	711.0	632.7	779.6	855.9	945.4
Other long-term liabilities	96.8	76.2	74.7	69.8	65.0
<b>Total</b>	<b>807.8</b>	<b>708.9</b>	<b>854.3</b>	<b>925.7</b>	<b>1010.4</b>
<b>Authorised Limit for External Debt</b>					
Borrowing	878.2	759.2	862.2	938.5	1027.0
Other long-term liabilities	116.2	91.4	82.1	76.8	71.5
<b>Total</b>	<b>969.4</b>	<b>850.6</b>	<b>944.3</b>	<b>1015.3</b>	<b>1098.5</b>
<b>Ratio of Financing Costs to Net Revenue Stream</b>					
General Fund	3.2%	3.2%	5.2%	5.2%	6.9%
HRA	17%	16.4%	14.9%	14.9%	14.9%

\*2021/22 and 2022/23 operational boundary and authorised limit figures are the levels set as per 2021/22 and 2022/23 Budget reports reported to previous Cabinets.

## Capital Strategy 2023/24

### 1.1 Background

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a Capital Strategy to demonstrate how capital expenditure, capital financing and treasury management activity contribute to the provision of desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability. The Prudential Code has been significantly updated to incorporate changes which restrict councils using borrowing to finance commercial property investment solely for generating yield. The Capital Strategy reflects the new requirements and compliance to them.

### 1.2 Introduction

This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes-technical areas.

- 1.2.1 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

### 1.3 Capital Expenditure and Financing

- 1.3.1 In contrast to revenue expenditure which is spending on the day to day running costs of services such as employee costs and supplies and services, capital expenditure seeks to provide long-term solutions to Council priorities and operational requirements.
- 1.3.2 Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £0.010m are not capitalised and are charged to revenue in year.
- 1.3.3 For details of the Council's policy on capitalisation, follow the link:  
[procedure-notes-capitalisation-policy-P1.pdf \(derby.gov.uk\)](https://www.derby.gov.uk/procedure-notes-capitalisation-policy-P1.pdf)

### 1.4 Capital Ambition

- 1.4.1 The Council's Capital Programme delivers across themes such as economic regeneration, health and wellbeing, economic vibrancy, diversification and skills, job creation and the development of the City's cultural offers.

1.4.2 The UK economy is recovering from the unprecedented economic impact of the Covid pandemic and the War in Ukraine and is consequently facing significant inflationary pressures.

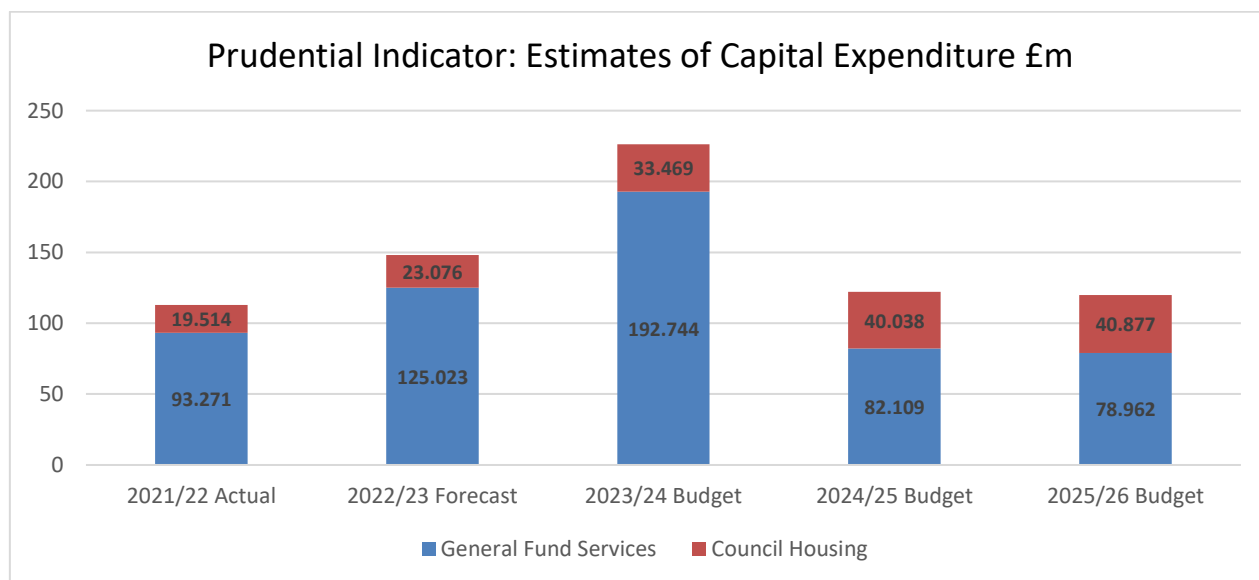
1.4.3 A review of the capital programme has been undertaken. Due to the rising inflationary costs and national shortage of resources there has been significant slippage on the 2022/23 Capital programme. However, this has created an opportunity for strategy areas to review their programmes and incorporate longer term 5-year planning. Rolling programmes have been able to scale back budgets for the 2023/24 programme and instead use the year as a catch up and planning year funded from slippage from the previous year. Which has resulted in a sustainable programme.

1.4.4 New schemes included in the Capital programme:

- Crematorium
- Derby Football Hub
- Outdoor Facility at Markeaton Park
- Parks and Open Spaces
- Continuation of rolling programmes.

1.4.5 However, the cost-of-living crisis has highlighted the need for the Council to have a sustainable Capital Strategy and Ambition for the City in the medium term, but also the need for flexibility to respond to changing needs, new opportunities and the continuing impact of the pandemic.

1.4.6 In 2023/24, the Council is planning capital expenditure of £226.2m as summarised below. The capital programme from 2021/22 actual to 2025/26 forecast budget is outlined below:



1.4.7 The main capital programme includes major projects which span several years including 2022/23 to 2025/26. The full budgeted amounts of schemes including previous spend are shown for completeness:

- £46.9m for Becketwell Arena
- £17.5m for the Smartparc
- £15.7m for MRC Midlands
- £69m for Transforming Cities
- £36m for the Market Hall refurbishment Phase 1 & 2
- £5.3m New Primary School Fellow lands.

## 1.5 **Housing Revenue Account (HRA)**

1.5.1 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately.

1.5.2 Housing is a long-term asset and it is important that a longer-term view is taken around asset management.

1.5.3 The proposed capital programme covers both the development and acquisitions of new homes and major maintenance works.

1.5.4 On new homes - The lifting of the debt cap in 2018/19 gave greater flexibility in budget setting and has enabled the HRA Capital plan to be more ambitious in terms of funding more new homes in the future. Additionally, changes to Right to Buy rules in 2021 has meant combined with the increased price of acquisitions over the last year, that a shift in our plans has taken place to re-emphasise building new homes.

1.5.5 The Council remains committed to providing suitable accommodation for those in housing need. We continue to develop new homes so people who are homeless or at risk of homelessness are able to transition into a settled environment and those residents that need extra support to live independently have the housing they need. New development schemes will be incorporated and prioritised into the HRA programme when sites are identified and secured.

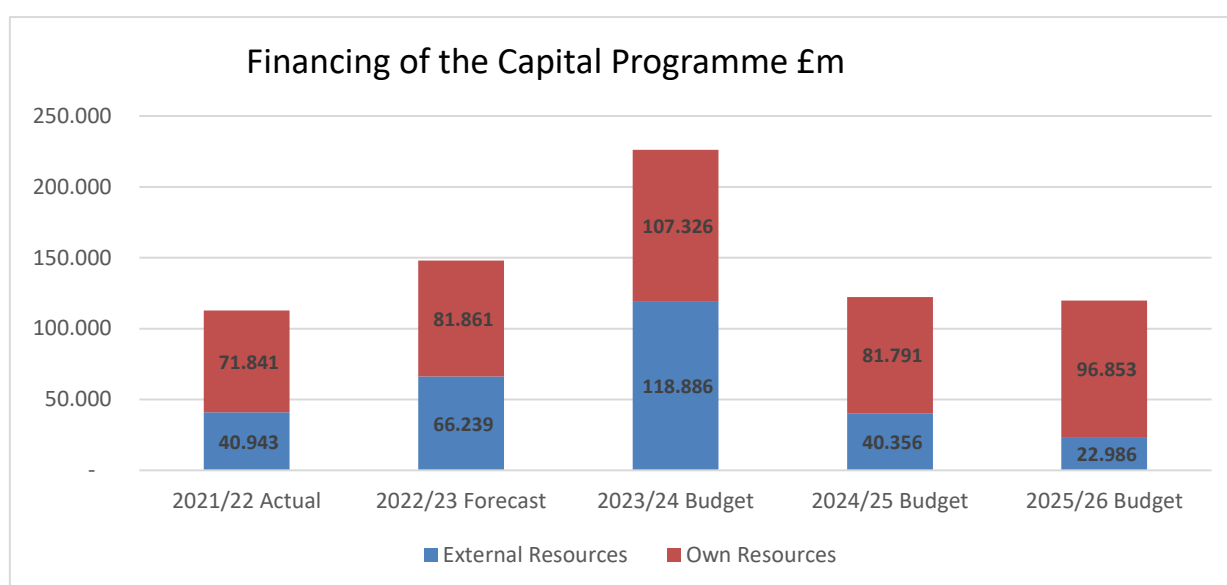
1.5.6 On major maintenance works – the strategy revolves around the replacement of housing components in line with de-carbonisation objectives and Decent Homes timescales and standards.

## 1.6 **Governance**

1.6.1 During the summer capital programme sessions are held with each strategy area to review the current capital programme and for programme managers to put forward their proposed capital programme for consideration to be included in the future years Council's capital programme.

1.6.2 New bids for new schemes are also put forward and dependent on value will be subject to the Gateway process. This process includes going through a number of gateways to allow for acceptance of a new idea against service objectives and council need, feasibility, design full business case, financial appraisal and eventually new scheme.

- 1.6.3 The Project Management Office (PMO) governs this process which involves the project managers reporting to the PMO for each gateway they have reached. The final capital programme is then presented to Cabinet in February following a consultation process and then to Council later in February each year.
- 1.6.4 As well as the PMO some of the major projects have their own project boards and governance. This ensures a more focused approach to large projects for deliverability, spend and risks.
- 1.6.5 For full details of the Councils capital programme see the main budget within this report (Section 5).
- 1.6.6 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:



- 1.6.7 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned (MRP/repayments) and use of capital receipts are as follows:

1.6.8 **Table: Replacement of debt finance**

Replacement of Debt Finance	2020/21 Actual £m	2021/22 Forecast £m	2022/23 Budget £m	2023/24 Budget £m	2024/25 Budget £m
Own resources	4.171	5.022	5.522	6.875	11.677

- 1.6.9 The Councils full MRP statement is available at: (see Appendix 15)



- 1.6.10 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with (MRP) and capital receipts used to replace debt. The CFR is expected to increase by £22.3m during 2022/23 and is forecast to rise to an increase of £116.8m in 2025/26. Based on the above figures for expenditure and financing. The Council's estimated CFR can be found in Appendix 16.

## 1.7 **Asset Management:**

- 1.7.1 To ensure that capital assets continue to be of long-term use, the council has adopted a corporate approach to the planning and management of the property portfolio to support the delivery of the Council's service needs and achieve corporate objectives, including the MTFP objectives and an asset management strategy is in place. The Corporate Asset Management Plan (2018-2023) was adopted by Cabinet in September 2018 and sets the strategic direction for the use, management, and development of Derby City Council's property assets. The intention is for the strategy to be updated to cover the period post 2023.
- 1.7.2 In addition to the council asset management plan the council has also responded to the pandemic in ensuring services and locations are all Covid secure and EIA assessed to support the delivery of council services.
- 1.7.3 The council is also now focusing on how its estate can support our commitment to the climate emergency and achieve the council's stated target of being carbon neutral.

The Council's asset management strategy can be found at:

<https://www.derby.gov.uk/media/derbycitycouncil/contentassets/documents/business/estates/Corporate-Asset-management-Plan---September-2018.pdf>

## 1.8 **Asset Disposals**

- 1.8.1 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2023/24. Repayments of capital grants, loans and investments also generate capital receipts. The council plans to receive capital receipts in the coming financial years as follows including RTB receipts.

## 1.9 Treasury Management

1.9.1 Treasury Management is concerned with keeping sufficient but not excessive cash available to meet the Councils spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank's current account. The Council is typically cash rich in the short term as revenue income is received before it is spent, but cash poor in the long term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing. Due to the decisions taken, the Council currently has £329.6m borrowing at an average interest rate of 4.15% and £26.9m treasury investments at an average rate of 2.17%.

## 1.10 Borrowing Strategy:

1.10.1 The Council's main objectives when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 3 to 4%) and long-term fixed rate loans where the future cost is known but higher (currently 4.2 to 4.6%).

1.10.2 Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases) can be found in the Treasury Management Strategy Report included on this meeting's agenda.

1.10.3 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. The gross debt indicator and CFR can be found in the Treasury Management Strategy Report.

1.10.4 IFRS 16 is being applied to the public sector from 1 April 2024 the main change resulting from the implementation of this standard is the introduction of a single lessee accounting model, whereby the lessee must recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value (thus removing the distinction between operating and finance leases). An introduction of this standard will therefore increase the assets value included on the balance sheet which in turn will have an impact on the Capital Financing Requirement (CFR). The authorised limit for external debt has therefore been increased accordingly.

## 1.11 Liability Benchmark

1.11.1 To compare the Councils actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £15m at each year end. This benchmark is currently £402.9m and is forecast to rise to £543.6m over the next three years. The Treasury Management Strategy provides full details.

## 1.12 Affordable Borrowing Limit:

1.12.1 The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit. See the Treasury Strategy for these limits.

1.12.2 Further details on borrowing are in the Treasury Management Strategy.

### 1.13 **Investment Strategy**

1.13.1 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not considered to be part of treasury management.

1.13.2 The Councils' policy on treasury investments is to prioritise security and liquidity over yield that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high quality banks, to minimise the risk of loss. Money that will be held for longer terms can be invested more widely, including bonds, shares and property to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy, and the council may request its money back at short notice.

Further details on treasury investments are included in the Treasury Management Strategy.

1.13.3 **Governance:** Decisions on treasury management and borrowing are made daily and are therefore delegated to the Section 151 Officer and colleagues, who must act in line with the treasury management strategy approved by Council/Cabinet. Quarterly reports on the treasury management budgets are presented to Cabinet, along with a mid-year report on the treasury management activities. The audit committee is responsible for scrutinising treasury management decisions.

### 1.14 **Investments for Service Purposes**

1.14.1 The Council makes investments to assist local public services, including making loans to local service providers, local small businesses to promote economic growth. In light of the public service objective, the Council is willing to take more risk than with treasury investments; however, it still plans for such investments to breakeven/generate profit after all costs, included in the Treasury Management Strategy.

1.14.2 **Governance:** Decisions on service investments are made by the relevant service manager in consultation with the Section 151 Officer and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

### 1.15 **Commercial Activities**

With Central Government financial support for local public services declining, some Councils have chosen to invest in commercial property purely or mainly for financial gain. Derby City Council has not undertaken in this activity to date. The Council has no specific (or approved) Commercial Property Investment Strategy [CPIS], in which to operate within the current financial year. No property investment activity is anticipated which is not linked to a cabinet approval to meet other (than investment) requirements. All commercial properties are managed in accordance with the approved Corporate Asset Management Plan. The Council may seek options to implement a CPIS in future years as part of the capital strategy and MTFP, which will require cabinet and council approval. This will be reviewed periodically by the council's leadership.

## 1.16 **Liabilities**

In addition to debt of £329.6m detailed above, the council is committed to making future payments to cover its pension fund deficit valued at £369.1m; It has also set aside £5.216m to cover risks of Business Rates appeals and Insurance losses. The Council also has potential liabilities for the Derby Homes pension deficit and other contingent liabilities detailed in the statement of accounts.

1.16.1 **Governance:** Decisions on incurring new discretionary liabilities are taken by service directors in consultation with the Section 151 Officer. The risk of liabilities crystallising and requiring payment is monitored by corporate finance and reported in the Council's year-end financial statements.

1.16.2 Further details on liabilities and guarantees are on pages 34 and 120 of the 2021/22 'Draft' Statement of Accounts (as the audit is currently on-going, please note these are subject to change).

## 1.17 **Revenue Budget Implications**

1.17.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants. The proportion of financing costs to net revenue stream can be found in the Treasury Management Strategy.

## 1.18 **Sustainability**

1.18.1 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable in the short to medium term.

## 1.19 **Knowledge and Skills**

1.19.1 Appropriate training will be provided to all charged with investment responsibilities. This includes all those involved in making investment decisions such as members of Capital Investment Board as well as those charged for scrutiny and governance such as relevant scrutiny commissions and audit committee. Training will be provided either as part of meetings or by separate ad hoc arrangements.

1.19.2 When considering complex and 'commercial' investments, the Council will ensure that appropriate specialist advice is taken. If this is not available internally it will be commissioned externally to inform decision making and appropriate use will be made of the Council's Treasury Management advisers.

## 1.20 **Public/Stakeholder Engagement**

This report has been prepared with engagement from the Estates section, Housing and the treasury section to comply with the requirements of the code.

## DRAFT Proposed changes to the Council Plan 2022-2025

Presented below is a summary of proposed changes to the Council Plan commitments, based on the Medium-Term Financial Plan 2023-2026. It should also be noted that changes approved by Cabinet through quarterly performance monitoring are also reflected.

### GREEN CITY

For a compact city we have a lot of green spaces. In the face of climate change we will lead communities and partners to make a difference. We must work together as a city to tackle the climate change emergency, promoting more sustainable ways of living.



### OUR OUTCOMES

Cleaner air and lower CO2 emissions



Sustainable waste and transport



Enhancing our green and blue spaces



Must do	Proposed amendment(s)
<b>Cleaner air and lower CO2 emissions</b>	
Continue the delivery of the Our City, Our River programme, to reduce flood risks	
Deliver the new Council Climate Change Action Plan, which includes a variety of cross-cutting climate commitments	<i>Reported at completed in 2022/23 – to be amended for 2023/24</i>
Contribute to the delivery of the City's new Climate Change Strategy	<i>Wording to be updated, based on the latest position with the City's Climate Change Strategy</i>
Deliver the Roadside NO2 (nitrogen dioxide) Local Air Quality Plan	<i>Near completion – to be removed</i>
Deliver our City Air Quality Action Plan	
Implement a new Local Plan	<i>To be amended to say something like "Progress actions towards the adoption of a new Local Plan in 2026, as set out in the Local Development Scheme (Jan 2023)."</i>
<b>Sustainable waste and transport</b>	
Progress our Mobility Programme to improve transport connections and options in Derby	
Deliver a solution in respect of the Waste Treatment Facility	
Implement a refreshed Waste Management Strategy to increase waste re-used or recycled; managing the volume of waste sent to landfill	<i>To be updated / removed in line with reduced capacity proposed for the service</i>
Support Derby as a centre of excellence for Future Fuels technology	<i>To be removed in line with reduced capacity proposed for the service</i>
<b>Enhancing our green and blue spaces</b>	
Work in partnership to rewild Allestree Park	
Green deprived areas of the city, and make best use of the city's existing parks	<i>To be updated / removed in line with reduced capacity proposed for the service</i>
Maximise our river areas	



## CITY OF GROWTH

Our city is home to some significant employers, and we have a strong history of manufacturing and innovation. We want to diversify and grow. Our ambition is to be a smart, super connected city that has the right skills, jobs and space for the future.



## OUR OUTCOMES

**Thriving, sustainable economy and business community**



**Learning city with access to skills and knowledge for all ages**



**Decent, sufficient and affordable housing**



Must do	Proposed amendment(s)
<b>Thriving, sustainable economy and business community</b>	
Deliver our priority programmes and projects <ul style="list-style-type: none"> <li>NAMRC (Nuclear Advanced Manufacturing Research Centre) Midlands / Infinity Park Derby project</li> <li>SmartParc project</li> </ul>	Update to "Deliver our priority programmes and projects including Infinity Park Derby and SmartParc"
Work with the University of Derby and other partners to continue delivery of the Ascend programme, in support of potentially high value-added business start-ups alongside existing businesses	
Deliver initiatives to support people into employment	
Work with partners including Marketing Derby, the D2N2 Local Enterprise Partnership, and Midlands Engine to diversify and broaden the economy	Update to "Work with partners including Marketing Derby, East Midlands Combined Authority and Midlands Engine to diversify and broaden the economy"
Support and strengthen the existing business base and sectors	Update to "Support and strengthen the existing business base and sectors, including key growth opportunities around nuclear and rail"
Act as a strategic enabler to create the optimum environment for business growth in the city	
Enhance Derby's role as the centre of UK Rail	Combined with the proposed amended must so above
Support Derby's super-connectivity expansion, gigabit fibre connectivity and facilitate the entry of 5G to create the conditions for a smart city	To be updated / removed in line with reduced capacity proposed for the service
<b>Learning city with access to skills and knowledge for all ages</b>	
Deliver our citywide education and skills programme to promote life-long learning (formerly the Opportunity Area programme), by establishing a city-wide education strategy for lifelong learning, working to make sure any impacts of COVID-19 are identified and addressed (for all pupils)	To be updated / removed in line with reduced capacity proposed for the service
Deliver strategies to promote inclusion in learning and employment	To be updated / removed in line with reduced capacity proposed for the service
Work with the care sector to attract staff with the right skills and values to support the delivery of local care services, aiding stable and sustainable care	To be updated / removed in line with reduced capacity proposed for the service
<b>Decent, sufficient and affordable housing</b>	
Deliver the Housing Strategy to modernise, improve or build specialist accommodation to ensure people are safe and connected to their communities.	
Continued delivery of the South Derby Growth Zone project	
Deliver priority housing developments including: <ul style="list-style-type: none"> <li>Bute Walk Conversion</li> <li>Butterfly Project</li> <li>The Knoll Redevelopment</li> <li>Former Aida Bliss Factory Site</li> <li>Housing Revenue Account (HRA) Capital programme</li> </ul>	Remove the following development: Former Aida Bliss Factory Site



## VIBRANT CITY

Derby is a historic city and a UNESCO world heritage site. We are putting culture at the heart of the city, reinvigorating our city centre and developing our cultural offer.



©Graham Whitmore

## OUR OUTCOMES

### Destination of choice, dynamic and diverse city



### Exciting cultural offer representative of communities



Must do	Proposed amendment(s)
<b>Destination of choice, dynamic and diverse city centre</b>	
Publish a City Centre Plan, which sets out a clear longer-term vision for the re-invention of the city centre	<i>Update to "Further develop our City Centre Ambition, which sets out a clear longer-term vision for the re-invention of the city centre"</i>
Deliver priority city centre programmes and projects including: <ul style="list-style-type: none"> <li>Becketwell area</li> <li>Becketwell Performance Venue</li> <li>Project Assemble</li> <li>Castleward</li> <li>Derby Riverside</li> <li>Market Hall</li> </ul>	<i>Update to:</i> <i>Deliver, in partnership with key partners, priority city centre programmes and projects including:</i> <ul style="list-style-type: none"> <li>Market Hall</li> <li>Becketwell (including new performance venue)</li> <li>Cultural Heart of the City sites (including Assembly Rooms)</li> <li>Castleward</li> <li>Derby Riverside</li> <li>Station Area</li> <li>Northern Gateway</li> </ul>
Implement new models of 'housing' and intervention to improve conditions and suitability of existing housing, with a particular emphasis on the homes of vulnerable people and those living in the private rented sector	<i>Update to "Continue to facilitate delivery of a diverse portfolio of quality housing to improve choice and increase the levels of city living and improved standards across the private rented sector" – proposal to move this milestone to 'resilient'</i>
Implement a proactive 'enabler' approach to facilitate investment to 'repurpose' buildings for both housing and employment uses	
Complete a car parking study	<i>Completed in 2022/23 – to be removed</i>
Review Council property assets to support our long-term 'vision' for the city centre	
Complete our review of Tourism and Place, to develop our place management and marketing	
An agreed plan to support transforming our city around the Market Place – the heart of the city that encompasses Derby's varied portfolio of cultural assets	
<b>Exciting cultural offer representative of communities</b>	
Complete our bid for City of Culture status 2025 or 2029	<i>Wording to be updated to '2029'</i>
An updated Destination Management Plan produced to help support increased numbers of visitors and tourists to the city	
Co-produce a vibrant events programme with partners to support the recovery and development of our cultural offer	
Establish a city centre curator to better coordinate our activities	<i>Wording to be updated "Establish Culture Derby"</i>
<b>ADDED 2022/23</b> - Become an accredited Local Visitor Economy Partnership	

## RESILIENT CITY

There are over 4,000 community and voluntary groups in Derby. Building on our strong sense of pride and community, we're determined to reduce inequalities and improve health and wellbeing across the city; unlocking the potential within our communities.



## OUR OUTCOMES

**Reduced inequalities, with healthier and wealthier residents**



**Empowered, strong and independent communities**



**A safe city, where those that need support can access them at the right time for them**



Must do	Proposed amendment(s)
<b>Reduced inequalities, with healthier and wealthier residents</b>	
Deliver our priority programmes and projects <ul style="list-style-type: none"> <li>Derby Football Hub</li> <li>Moorways Sports Village</li> <li>Health Inequality Strategy</li> <li>Childhood Obesity Strategy</li> <li>Contribute to the Poverty Commission</li> </ul>	<i>Moorways Sports Village – completed and to be removed</i>  <i>Update must do to “Contribute to the ICS Health Inequality Strategy”</i>
Publish and implement an updated Health and Wellbeing Strategy for Derby alongside an Integrated Care Strategy for Derby and Derbyshire	<i>Update must do to “Publish and implement an updated Health and Wellbeing Strategy for Derby alongside contributing to an Integrated Care Strategy for Derby and Derbyshire”</i>
Meet our statutory requirements for Public Health: <ul style="list-style-type: none"> <li>Work with partners to develop Florence Nightingale Community Hospital</li> <li>Work with National Health Service (NHS) colleagues on an Alcohol Care Team</li> <li>Increase drug treatment through grant funds</li> <li>Commission General Practitioner (GP) locally enhanced services for the child weight management advice</li> <li>Enhance health visiting response for asylum seeking families</li> <li>Develop a seven-year locally enhanced framework for delivering services for public health, including for sexual health and substance misuse</li> <li>Update the delivery of the Healthy Child programme to meet increased need</li> <li>Provide leadership to Joined-up Care Derbyshire Health Inequalities Strategy</li> </ul>	<i>“Work with partners to develop Florence Nightingale Community Hospital” – completed and to be deleted</i>  <i>“Develop a seven-year locally enhanced framework for delivering services for public health, including for sexual health and substance misuse” – completed and to be deleted</i>  <i>“Work with National Health Service (NHS) colleagues on an Alcohol Care Team” – completed Q4 and to be deleted</i>  <i>“Commission General Practitioner (GP) locally enhanced services for the child weight management advice” – completed Q4 and to be deleted</i>  <i>“Enhance health visiting response for asylum seeking families” – completed Q4 and to be deleted</i>  <i>“Develop a seven-year locally enhanced framework for delivering services for public health, including for sexual health and substance misuse” – completed Q4 and to be deleted</i>  <i>“Update the delivery of the Healthy Child programme to meet increased need” – partially completed and to be deleted, as business as usual</i>
<b>Empowered, strong and independent communities</b>	
Deliver our priority programmes and projects <ul style="list-style-type: none"> <li>Develop our Better Together operating model of support, with shared health, housing and care records to improve patient/citizen care</li> </ul>	<i>“Develop our Better Together operating model of support, with shared health, housing and care records to improve patient/citizen care” to be updated to “Develop our Better Together integrated locality model, with a</i>

<ul style="list-style-type: none"> <li>Integrated care - work with Derbyshire County Council and local NHS providers to establish the mandatory Integrated Care System model for health and care by 2022</li> <li>Provide effective strategic leadership to drive stronger integration of health, housing, community and social care agendas, safeguarding adults that need it</li> </ul>	<p><i>strategic and operational focus on managing demand for statutory intervention in adults and children's services"</i></p> <p><i>"Integrated care - work with Derbyshire County Council and local NHS providers to establish the mandatory Integrated Care System model for health and care by 2022" update to "Integrated Care – work with local NHS providers to explore further opportunities to integrate health and care services by 2023/24"</i></p>
Implement the Derby SEND Strategy, to support our young people with special educational needs and / or disabilities (SEND) to 'live their best life'	
Further expand Shared Lives and Carelink, as cost effective and key preventative interventions for our local communities and residents	<i>Deleted during 2022/23 via performance monitoring reports – new must do to be included to "use assistive technology to support, formalised care"</i>
Develop a Digital Poverty Strategy	<i>To be deleted due to capacity changes</i>
Establish a citywide Prevention Strategy, focusing on building independence using individual and community assets	<i>To be deleted due to capacity changes</i>
Work in partnership to streamline our processes implementing a coordinated approach to investing in our voluntary, third and faith sectors (co-production), building our communities and connecting people	<i>Reflected under "Better together" – to be removed</i>
Facilitate a range of housing that meets the city's needs and provides suitable accommodation for the vulnerable through the delivery of our Housing Strategy 2020 – 2029, the Tenancy Strategy and the Homelessness and Rough Sleeping Strategy 2020 - 2025	<i>To be removed as reflected under the proposed must do "Continue to facilitate delivery of a diverse portfolio of quality housing to improve choice and increase the levels of city living and improved standards across the private rented sector", which is proposed to be re-positioned under resilient.</i>
<b>A safe city, where those that need support can access them at the right time for them</b>	
Deliver our priority programmes and projects <ul style="list-style-type: none"> <li>Corporate Fostering</li> <li>Strategic Demand Management - Children's Services including D2N2, Children's Accommodation, Placements, Home to School, Judiciary Review and SEND high needs</li> </ul>	<i>Remove "Corporate Fostering" as this is now business as usual, amend Demand Management supporting information in line with updated transformation proposals</i>
Work with the children's social care market and local providers to contribute towards the sufficiency and sustainability of placements for our children in care	
Ensure there are care providers in Derby that can meet demand for care from local people Prepare for the introduction of Liberty Protection Safeguards to replace Deprivation of Liberty Safeguards.	<i>Date to be updated to "in line with national deadlines"</i>
Develop the Community Urgent Response Model in partnership with City GPs and Derbyshire Community Hospital Service NHS Foundation Trust	<i>Associated milestone deleted in 2022/23</i>
Extend and redesign the Home First service, providing 24/7 short-term assessment and enablement services for new customers from the community and for those leaving hospital	<i>Completed in 2022/23 – new must do on "full integration with the NHS to be included from 2024 onwards" reflected in other must do's within the plan</i>
Reduce waiting times for assessments and care packages during periods of increased demand	<i>To be deleted, as capacity is impacted by MTFP proposals</i>
Implement our Place-based Risk Strategy	<i>Completed in 2022/23 – to be deleted</i>
Work with families, partners and communities to ensure the safeguarding of vulnerable children	

# Working smarter

Making our council more efficient and effective, accelerating the pace and focus of change

## OUR OUTCOMES

**An insight led Council that delivers value for money**



**Satisfied and enabled residents**



**Empowered and accountable colleagues and Councillors**



Must do	Proposed amendment(s)
<b>An insight led Council that delivers value for money</b>	
Deliver our priority programmes and projects <ul style="list-style-type: none"> <li>o Insight-led Council</li> <li>o Commercialism</li> <li>o Contract management</li> <li>o Demand management</li> <li>o The replacement of our core Financial Management System</li> <li>o Rolling Digital Enablement programme of change and business operation</li> </ul>	<i>Project lists to be updated in line with updated transformation proposals within the MTFP</i>  <i>Remove 'Contract Management'</i>
Deliver the property rationalisation programme to make the most of property we own, and dispose of any that is no longer used	
Seek further devolution of freedoms and flexibilities from Government to pursue options for local area decision making and accountability, including the delivery of a County Deal.	<i>Update 'County Deal' to 'Combined Authority'.</i>
<b>Satisfied and enabled residents</b>	
Deliver our Digital Enablement programme of change	<i>To note there will be reduced capacity to deliver</i>
Improve communication and engagement with our residents, to shape sustainable services for the future	
Continue our work to create a Single Front Door Strategy for Derby to simplify access to services and support more, increasing access online	
Increase the use of digitally enabled services	<i>To note there will be reduced capacity to deliver</i>
<b>Empowered and accountable colleagues and Councillors</b>	
Individual development plans in place for all colleagues	<i>Carry forward of this must do into 2023/24 as part of the refreshed People Strategy. Review date to be amended September 2023.</i>
Embed our refreshed leadership accountabilities to provide clarity on responsibility and boundaries	<i>Leadership accountabilities and expectations were launched in September 2002 – completed and to be removed</i>
Promote a culture of collaboration and working together	
Continue the implementation of our Councillor Portal	<i>Portal introduced November 2022, must do to be deleted</i>