

## **Budget Consultation 2018/19**

### **Foreword**

Derby City Council remains committed to ensuring our city is a great place to live, work and visit. We are ambitious for the future and determined to improve the quality of life for our residents.

Since 2012, my Labour colleagues and I have been vocal about the impact of Government cuts on public services, but we have also been resolute in addressing our financial challenges and putting Derby on a firmer footing for the future. Wherever possible, we have sought to protect services, invest in our infrastructure and find ways to do more with less.

During 2017 we announced 50 ambitious pledges that seek to tackle many of the challenges facing our city. These included our 'Super Six' commitments to the people of Derby:

- We will create 200 jobs and apprenticeships for Derby people by 2019
- We will start building a new swimming pool by the end of 2017
- We will set up 'Ram Energy' to save residents money on their household bills
- We will deliver 500 affordable homes over the next three years for Derby people to rent and buy
- We will invest in Derby city centre to increase footfall by 10 per cent by 2025
- We will make Derby the cleanest English city within four years

With RAM Energy launching last month; financial approval pending for a new pool on the Moorways site; options appraisals underway for city centre regeneration and Public Protection Officers already cleaning up our streets, we are well on the way to fulfilling our commitments in the [Council Delivery Plan](#).

But despite progress on delivering our 50 Pledges, the Council's financial position remains challenging.

Since 2010, the Government has cut the funding received by local authorities by almost 40 per cent. As a result, Derby City Council has had to make savings of £80 million in order to balance the books. This has included decisions we would not have contemplated in better financial times.

These savings have been made alongside increasing pressure on our statutory services. There exists a growing demand for support to both vulnerable and elderly adults, as well as children in our schools and under our care. The current cost of providing this support is almost £400 million every year.

The budget proposals for 2018/19 have been prepared against the backdrop of the Government's continuing austerity programme. Despite speculation about reducing the burden on the public sector, we do not expect any significant change in the level and allocation of central government grants this year.

Increasingly, the Council is heavily reliant on income that is raised locally from Council Tax and Business Rates. This is why many of our investments remain focused on increasing the

number of homes in the city; improving the conditions for businesses to thrive and making Derby a place where people want to live and work.

With the grants the Council receives continuing to be cut, it is inevitable that more savings are required. Nevertheless, our focus will remain on improving efficiency, rather than reducing services to the public.

Although these savings will help us address our financial challenges, to balance the budget it is also necessary to raise Council Tax by 1.99%. We are also proposing to accept the Government's Adult Social Care precept, which will add a further increase of 3%, ring-fenced to support our most vulnerable residents.

The impact of these increases on a Band D property is £1.25 each week or 18p per day.

Current Band D 2017/18	£1,298.17
1.99% base increase	£25.83
3.00% Adult Social Care precept	£38.95
Proposed Band D 2018/19	£1,362.95

Despite these increases, Derby remains one of the lowest Council Tax areas in the East Midlands.

We appreciate that times remain difficult for working families and remain committed to supporting those who struggle to make ends meet. However, I believe the increase is fair, reasonable and essential if we are to reach a balanced budgetary position.

The measures that are being proposed are set out in the consultation document. We welcome your thoughts and comments as we seek to create the stable financial footing to make our shared ambitions for the city a reality.

It is no secret that some key facilities in the city need replacing, which must be financed alongside the £50 million the Council invests every year in our schools, roads and infrastructure.

During the autumn, we are consulting on the construction of a new pool on the Moorways site; the options to replace the Assembly Rooms and the continued regeneration of the city centre. The budget provides a summary of the cost and impact of these and other capital projects, while providing an opportunity for residents to share their comments on where our priorities should lie.

Like many businesses and households, the Council will need to borrow money to support its key projects. These are long-term investments so it is crucial we maintain a prudent approach, only borrowing where needed and ensuring that the cost of borrowing remains affordable. A summary of our treasury management position and overall policy is included with this document.

Finally, the Council's budget has been prepared during a period of significant economic uncertainty. The outcome of the Brexit process, the significant fall in the value of the pound, rising inflationary pressures and unplanned events will all impact our financial position. We

continually consider these challenges through our risk management processes, to ensure we have sufficient reserves in place to deal with the unexpected.

I would like to take this opportunity to thank the thousands of Derby City Council employees who deliver our services, work in our schools and strive every day to support the people of our city. The Council is working hard to provide the services residents expect and deserve; the balanced budget proposed for 2018/19 will allow us to deliver on all of our commitments.

I look forward to receiving your views on the Council's budget proposals, which will ensure Derby remains a great place to live, work and visit.

**Councillor Baggy Shanker, Cabinet Member for Finance & Governance**

## Introduction

We are seeking your views on our proposed budget for next year, 2018/19. The budget summary document sets out the main elements, showing how the budget is expected to be funded and the savings needed to ensure that it is balanced.

We also provide you with an overview of the overall economic position of the country and the risks based on the latest forecast from the Office of Budgetary Responsibility (OBR) and the Bank of England (BoE). These two bodies are responsible for reporting on the performance of the country's economy and for setting monetary policy, for example, setting interest rates.

We would like to know your views on our budget as well as any ideas or suggestions you may have.

## Economic Overview

The UK economy has been subject to major correction over recent years as the government seeks to correct the overall financial position of the economy and in part, continues to reflect the impact of the banking crash of 2008. It is now six years since the government imposed substantial cuts in public spending while allowing the Bank of England to stimulate the private sector economy.

For Derby City Council this has meant a fall in our central government grant of £50m since 2010, and consequently an increasing reliance on income from Council Tax and Business Rates.

The latest forecasts for the UK economy focus on the uncertainty around the impact of Brexit, increasing inflation, the falling value of the pound and a question over the future direction of interest rates from their historic all-time low of 0.25%.

Despite the uncertainty in future planning, the Council has to set a balanced budget to ensure we continue to deliver key public services, support our most vulnerable residents and invest in the city's future through capital spending on schools, transport and infrastructure.

As a result of this uncertainty, the 2018/19 budget proposals include some key assumptions and risks which will be managed by an increase in the Council's reserves to offset any financial impact:

Assumption 1	Interest rates rise by no more than 0.25% next year to 0.5%
Assumption 2	Inflation remains at current levels and remains within 0.5% of the government's target
Assumption 3	The public sector pay cap remains at 1% for 2018/19
Assumption 4	The government keeps its commitment on the current 4 year settlement with the Council and announces no further funding reductions for 2018/19

The impact of changes to these assumptions has been assessed below:

Assumption 1	An increase of an additional 0.5% in interest rates would not increase our borrowing costs as these are fixed, but could generate additional income from our investments of £0.4m
Assumption 2	An increase of 1% in inflation would increase the cost of goods and services by around £1.0m per year
Assumption 3	An increase of an additional 1% above the pay cap would cost the Council £1.0m per year
Assumption 4	A reduction of £1.0m in our government grant would need an increase of 0.8% or £11 on a band D council tax bill per year

The Council's proposed budget should be viewed in light of these assumptions and as such it represents our best estimate of providing a balanced, deliverable budget for next year.

The Chancellor will announce his budget for 2018/19 during the autumn and the impact of Brexit negotiations may become clearer and these events may have an impact on the budget proposals.

In summary, the UK economy is subject to many risks. The Council recognises these risks within our budget planning and we are comfortable that the assumptions made are practical.

### Our Revenue Budget

The revenue budget is made up of money that comes in from the government such as Council Tax, business rates and other grants. This income pays for the services you get from us – from collecting your bins, to filling potholes and keeping the city's streets clean for example.

The Council puts its budget together on an incremental basis using the most up to date estimates of our total spending needs and making adjustments throughout the year for known pressures such as rising costs or increasing demand for services, and proposed savings such as doing more for less, reducing costs or stopping services altogether to establish the following year's budget.

The table below summarises our latest view of the budget over the next four years showing the 2017/18 budget and the assumed increases and reductions in the budget over the coming years. These estimates become increasingly difficult to predict over time but the 2018/19 estimates represent a reasonably certain projection of the Council's likely revenue budget:

	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m
Base Budget		<b>214.978</b>	215.757	218.473
Pressures		<b>2.523</b>	0.791	2.944

Inflation		<b>2.658</b>	2.725	2.783
Savings		<b>(9.670)</b>	(1.329)	(0.225)
Revised Base	220.246	<b>215.757</b>	217.943	224.572
Use of Reserves	(5.268)	-	529	-
Net Budget	<u>214.978</u>	<b><u>215.757</u></b>	<u>218.473</u>	<u>224.572</u>
<b>Total funding available*</b>	<u>214.978</u>	<b><u>215.757</u></b>	<u>218.473</u>	<u>217.037</u>
Budget Gap	<u>0</u>	<b><u>0</u></b>	<u>0</u>	<u>7.535</u>

\*Total funding assumes a 1.99% increase in Council tax in each year and an additional 3% precept for Adult Social Care in 2018/19 only

Whilst the purpose of this consultation is to find out what you think about our proposed budget for next year, it is important to view this in the light of how it may affect how much there is for our budgets in the future.

For the next two years, 2018/19 and 2019/20 the Council's revenue budget is expected to be balanced by delivering savings. **However**, in three years' time, in 2020/21, the increasing pressures in adult social care and looked after children and in the absence of additional money coming from the government, means we will have a gap in our budget of £7.5m and we have not yet identified how we will find that money.

#### **Additional costs in 2018/19**

The following table summarises the additional costs expected from changes in the cost, or the way we deliver some of our services:

<b>Service Pressures</b>	<b>2018/19</b>
	<b>£000</b>
Review of Commissioned Care Costs	400
Removal of pressure to match revised forecast ILF grant	(27)
<b>Total Pressures : People Services</b>	<b>373</b>
Property Valuations (saving from using external consultants)	(50)
Unplanned tree management costs	280
Increase in Economic Partnership activity	182
Our City Our River: internal cost pressure	100
Increasing property maintenance cost to support the property estate	500
<b>Total Pressures : Communities and Place</b>	<b>1,012</b>
Insurance - increased insurance premium costs, public liability costs and saving realised in other departments	513
<b>Total Pressures : Organisation &amp; Governance</b>	<b>513</b>
Treasury management costs of unsupported borrowing	300
Apprenticeship Levy	325
<b>Total Pressures : Corporate</b>	<b>625</b>
<b>TOTAL</b>	<b>2,523</b>

## Inflation costs and income rises

The cost of inflation is partly offset by increases in the Council's income from fees, charges and other sources. These are summarised in the table below:

<b>Inflation costs</b>	<b>2018/19</b>
	<b>£000's</b>
Pay inflation – assuming 1% pay cap	1,040
Care Home costs – provisional increases	1,518
Other- including household waste (256k) and external placements (£214k)	774
<b>Total cost</b>	<b>3,332</b>
Increased income from fees and charges and other Income	(674)
<b>Total Inflationary pressures</b>	<b>2,658</b>

As noted within the Economic Overview on page 4, there are significant risks attached to the assumptions made around budget pressures and these will continue to be assessed up to the final budget proposals to be considered by Council in 2018.

## Our proposals to save money

The Council's income is broadly fixed with only Council tax increases at the discretion of the Council itself, and any increase is currently restricted to an increase of up to a maximum of 2% a year above which a referendum is required.

To ensure our budget is balanced, the Council has to save money to fill the gap between what it costs to provide our services and the income we expect to receive.

The table below summarises our savings next year; there is a fuller explanation of each proposal in Appendix 1:

<b>Agreed Savings</b>	<b>2018/19</b>	
	<b>£000's</b>	<b>Ref</b>
Remodelling of the service model for Council owned care homes and day services	(200)	1
Refocus of provision to the Livewell service	(1,000)	2
Efficiencies in Public Health contract	(150)	3
Establish alternative funding streams for the in-house domestic violence service provision	(11)	4
Additional savings to cover demographic pressure to be identified within Adults Health and Housing	(500)	5
<b>Total Adult Social Care</b>	<b>(1,861)</b>	
Efficiencies in Post 16 transport	(100)	6
Efficiencies from reviewing residential placements for children in care	(1,200)	7
<b>Total Children's Service savings</b>	<b>(1,300)</b>	
Efficiencies in energy management	(44)	8
Savings in property management costs as a result of property rationalisation	(450)	9

Review of parking and traffic management enforcement activities and charged parking areas	(200)	10
Withdrawal of discounted travel concessions for young people	(80)	11
Removal of on-going annual funding to partner arts as part of a new approach to delivering a sustainable cultural offer for the city	(270)	12
Removal of on-going annual funding to the Museums Trust as part of a new approach to delivering a sustainable cultural offer for the city	(684)	13
Strategic review of libraries service	(337)	14
Efficiencies within Parks services	(106)	15
Additional income in Planning services and other efficiencies	(113)	16
<b>Total Communities and Place Savings</b>	<b>(2,284)</b>	
On-going Information Systems (IS) review	(283)	17
Continued identification of eligible Housing Benefit overpayments	250	18
Registration Services - Delivering Differently	(49)	19
Staffing efficiencies	(3,363)	20
<b>Total Organisation and Governance savings</b>	<b>(3,445)</b>	
Treasury management savings	(780)	21
<b>Total Corporate savings</b>	<b>(780)</b>	
<b>Total savings</b>	<b>(9,670)</b>	

Many of the above savings were included in our budget consultation last year but we have revised the amount or the timing of the proposals for 2018/19. We are continuing to work on these proposals to make sure they can be delivered and where necessary, the Equality Impact Assessment (EIA), as part of the 2017/18 to 2020/21 Medium Term Financial Plan reviewed by Council in February 2017, updated.

### **Further ways the Council may be able to save money**

The Council has also identified further ways we can save money, but at present there is no figure included but they are included here for consideration by you as part of the consultation. We welcome your views on these two proposals:

**Cashless Council:** Many of the public services provided by the Council need a paper invoice that is sent to residents which costs us money to process and recover any debts. Improving technology in payment systems now allows for these services to pay for at the point they are requested or delivered using mobile phone payment systems.

This technology is already in use in certain parts of the Council and it is now planned to roll this out across all of our services. We will always accept cash but it is increasingly commonplace for goods and services to be purchased electronically which is much cheaper for us and quicker for you.



**Working with Nottingham City Council** – many of the public services provided by each Council are very similar. The Metro Strategy being developed between the two Councils provides us with an opportunity to explore the potential for sharing some of our services with them, to reduce costs to you as tax payers. This opportunity requires a lot more work and time but your views on whether we should do this are welcome.

**The Revenue budget proposals as set out above will enable the Council to set a balanced budget for 2018/19.**

### **Our Capital Programme**

Our capital investment enables us to invest in the city's schools, transport and infrastructure. Our most significant investment next year is the construction of the new swimming pool and leisure facility at the Moorways site.

The capital programme is partly funded by grants and other income but sometimes we need to borrow money and have to plan to meet the cost of such loans -- the same as your mortgage – to help us to fund these big projects.

The outline capital programme, including major projects and how this investment will be funded for 2018/19 is set out below:

<b>Programme Area</b>	<b>2017/18 Forecast £000's</b>	<b>2018/19 Budget £000's</b>	<b>2019/20 Planned £000's</b>	<b>2020/21 Planned £000's</b>
<b>Expenditure</b>				
Schools	9,517	<b>14,843</b>	21,923	7,655
Housing General Fund	2,795	<b>2,925</b>	3,620	3,039
Property	8,685	<b>13,140</b>	9,527	5,532
Our City Our River Flood Defence	380	<b>250</b>	250	250
Highways & Transport	10,058	<b>7,757</b>	5,900	5,900
Vehicles Plant & Equipment	821	<b>480</b>	4,772	370
Regeneration	14,001	<b>8,995</b>	2,450	1,900
ICT	2,402	<b>2,925</b>	1,050	200
<b>Major Projects *</b>	23,708	<b>57,077</b>	41,095	17,512
<b>Total</b>	<b>72,366</b>	<b>108,392</b>	<b>90,588</b>	<b>42,358</b>

\*Included in Major projects are:

	2017/18 Forecast	2018/19 Budget	2019/20 Planned	2020/21 Planned
Swimming Pool / Leisure Centre strategy	1,760	14,740	16,500	-
Our City Our River Flood Defence	13,337	13,091	24,595	17,512
A52 Strategic Transport Scheme	8,611	4,246	-	-
Waste Disposal - New Treatment Plant	-	25,000	-	-
<b>Total Major Projects in the programme</b>	<b>23,708</b>	<b>57,077</b>	<b>41,095</b>	<b>17,512</b>

- The new pool will cost £33.0m and construction is expected to start in 2017/18 and be completed in 2019/20. This project will be funded in full by the Council using internal resources (without the aid of external grants or other income) and the project is currently the subject of a separate consultation exercise;
- Our City Our River continues throughout the MTFP but investment will be matched by grant funding as it arises to complete this major project;
- The A52 transport scheme is expected to reduce congestion and is fully funded by government grants and other income from the private sector;
- The Waste Disposal Plant was planned to complete in 2017/18 but is now expected to do so in 2018/19.
- The planned Performance Venue costing around £46m is expected to start in 2020/21 and be completed in 2022/23. This project is also the subject of a separate consultation exercise to be launched in November 2017.

The proposed capital programme is expected to be funded by external grants and other income and by the use of internal resources as set out below:

<b>Funding Source</b>	2017/18 Forecast	2018/19 Budget	2019/20 Planned	2020/21 Planned
	£000's	£000's	£000's	£000's
Supported Capital Expenditure	12,585	21,978	24,573	10,355
Devolved SCE C Direct to Schools	699	1,071	600	600
External loan - Salix	1,387	1,101		
Government Grants	16,590	20,929	27,2759	19,5771
External contributions	7,493	1,562	539	474
Lottery	78	415	-	-
Section 106	1,848	553	12	-
<b>Total External Funding</b>	<b>40,680</b>	<b>46,618</b>	<b>53,000</b>	<b>31,006</b>

<b>Internal Funding Requirement</b>	<b>31,686</b>	<b>61,774</b>	<b>37,588</b>	<b>11,352</b>
<b>Funded By</b>				
Capital Receipts	4,628	7,550	1,260	400
Revenue Funding	2,460	7957	500	500
Serviced Financed Borrowing	836	497	4,772	370
Invest to Save Service Borrowing	1,518	-	300	-
<b>Funding Gap</b>	<b>22,245</b>	<b>52,933</b>	<b>30,756</b>	<b>10,082</b>
Total Internal Resources	<b>31,686</b>	<b>61,774</b>	<b>37,588</b>	<b>11,352</b>
<b>Total Funding</b>	<b>72,366</b>	<b>108,392</b>	<b>90,588</b>	<b>42,358</b>

The table above identifies a gap between the money needed for the major projects and the money we think we can generate through investments and borrowing. There is a further explanation of this in the Treasury Management section on page 12. At the current time, we do not expect to need additional loan finance until after 2020/21.

Full lists of proposed projects provided in the programme are included in Appendix 2.

### Council Reserves

The Council has reserves to offset the cost of unplanned events. They are similar to savings accounts that you may have, where you put money aside to pay for things that may come up during the year. There are different types of reserves depending on what they may be needed for.

For example, the General Reserve is what we already know is going to happen, Earmarked Reserves such as the Assembly Rooms Reserve, or those held on behalf of third parties such as for our schools. The Council's Financial Statements for the year ended 31 March 2017 ([published on 29 September 2017](#)) provide a full analysis of the Council's useable reserves of £199.0m which are summarised below:

<b>Useable Reserves</b>	<b>£m</b>
General Reserve	8.8
Schools balances	10.5
Earmarked Reserves	97.2
Capital Reserves	35.5
Housing Revenue Account	47.0
<b>Total Useable Reserves</b>	<b>199.0</b>

The Council's useable reserves are available to support the delivery of our services and it is important that these are held at a sufficient level to support our longer term financial sustainability. The General Reserve should represent between 3% and 5% of our net

revenue budget to meet the benchmark set by the Chartered Institute of Public Finance Accountants.

The proposed budget does not require the use of reserves in order to balance the budget in 2018/19 and the level of planned reserves are within this benchmark.

## Treasury Management

In order to support our revenue and capital budgets, it is necessary for us to borrow cash to finance some of what we need to do.

At the end of March 2017 the total amount of loans was £362.0m of which about £230m is related to funding the Housing Revenue Account to support the Council's housing stock managed by Derby Homes. The cost of servicing these loans (the interest) and the repayment cost (similar to a mortgage) are to be charged to the Council's budget and amounts to a cost (money out) of almost £25m in 2017/18.

In addition to borrowing money, the Council has cash resources which are invested so that it makes money (like a savings account) before they are used to support our revenue and capital spending as outlined above. At the end of March 2017, the total value of cash and investments was £72.4m (as set out in the Council's accounts).

As the amount of money we receive from government has reduced, we have been allowed to look at how we account for the cost of repaying our loans to better match the repayment profile of our debt (when our loans have to be repaid). This means that we expect to save some money in the future while making sure we repay our loans in full.

The Treasury Management Strategy also sets out how the Council decides if it needs to borrow money through its cash flow forecasts, just like any other business, large or small. The table below sets out our projected cash flow:

<b>Cash Flow Forecast</b>	<b>2017/18 Forecast</b>	<b>2018/19 Budget</b>	<b>2019/20 Planned</b>	<b>2020/21 Planned</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Opening cash and investments	72.4	75.0	55.0	40.0
Increased cash from upfront payments for services		10.0	5.0	-
Capital Receipts from selling unwanted properties		10.0	5.0	-
		<b>95.0</b>	<b>65.0</b>	<b>40.0</b>
Applied to Capital expenditure	-	(40.0)	(15.0)	(5.0)
Closing Cash and investments	<b>75.0</b>	<b>55.0</b>	<b>40.0</b>	<b>35.0</b>
Total Borrowings	<b>362.0</b>	<b>362.0</b>	<b>362.0</b>	<b>362.0</b>
Forecast net borrowing position	<b>287.0</b>	<b>307.0</b>	<b>322.0</b>	<b>327.0</b>

The Treasury management forecast indicates that we do not expect to have to increase our borrowings before the end of 2020/21 based on the current assumptions within the proposed Capital Programme.

## Summary

The Council's budgets are complicated but they represent a financially sustainable and balanced position for 2018/19 and the following two years after that.

Despite the proposed savings set out in this report, we do need to raise Council Tax by 1.99% to balance our budget for 2018/19. In addition we are proposing to add an additional increase of 3% in respect of the Adult Social Care precept to ensure we continue to have sufficient resources to support our most vulnerable residents.

The impact of these increases on band D Council Tax payers is £1.25p per week, 18p per day:

Current Band D 2017/18	£1,298.17
1.99% base increase	£25.83
3.00% Adult Social Care precept	£38.95
Proposed Band D 2018/19	£1,362.95

We welcome your thoughts and observations of the budgets as outlined above – it is important that you tell us if you think we are spending money on the right things, or if we are saving money on the right things. These are only proposals at this stage.

Whilst the Council is only required to set its budget for one year, it is important that we reflect on the impact of our spending decisions in the longer term. The Council's Medium Term Financial Plan (MTFP), Treasury Management Strategy and Reserves Policy will all therefore be presented alongside the 2018/19 Budget at the meeting of Full Council in 2018 so that a full assessment of the Council's financial position can be made.

**Peoples Directorate; £3,161m savings:**

**1. Remodelling of Council owned care homes and day services; £200k saving**

In 2016, after a period of consultation and soft market testing, the Council decided that it wanted to take steps to formally withdraw from being a provider of long term care – this includes care homes and day centres. A variety of activity is required to achieve this and has been ongoing since that decision and will continue in 2018/19. This includes working with care providers who have an expertise in providing day time support to help individuals leave the Council's provision and gain support from other organisations. It also includes marketing the remaining care homes for sale so that an alternative operator can be found. The savings anticipated relate to the running costs associated with the buildings from which the service operate - the cost of the ongoing care for the individuals currently receiving support will continue to be met by the Council, albeit provided by another organisation(s).

**2. Livewell; £1.0m saving**

The Livewell service provides a health and wellbeing service commissioned by Public Health. This saving will refocus the delivery to priority areas in order to ensure the most vulnerable residents gain the maximum benefit from the service.

**3. Public Health contract efficiencies; £150k saving**

The retendering of Integrated Drug & Alcohol Services is expected to be in place by 1<sup>st</sup> April 2018 to deliver this saving from reduced costs. No material changes envisaged to contracted outcomes.

**4. Alternative funding streams for the in-house domestic violence service; £11k saving**

The service is seeking new funding streams through the office of the Police and Crime Commissioner to continue to fund this service and ensure the support for vulnerable households continues.

**5. Changes in adult demographics; £500k saving**

The People's Service has reviewed the demographic profile of the Derby city population and has identified savings to be gained by re-profiling expected demand for this service. Further work is required to confirm the overall saving and timing to ensure no vulnerable adult is disadvantaged.

**6. Efficiencies in post 16 transport; £100k saving**

The current extensive consultation around Home to School transport has identified a potential saving in the provision of transport for over 16 year olds. The saving will be made by contract efficiencies.

## **7. Efficiencies from reviewing residential places for children in care; £1.2m saving**

The scrutiny of agency placements has been an ongoing and active strand in the demand management work of the directorate. This will reduce the number of external placements and locate children and young people closer to Derby. Market positioning work has been completed regionally to regulate sector costs and attract local prioritisation. A strategic review and re-design of internal provision has commenced that will enable safe placement of those young people with challenging needs who are high cost and placed at distance, to be managed safely within Derby.

## **Communities and Place Directorate; £2,284m saving:**

### **8. Energy management; £44k saving**

As the second year of a 2 year saving, this will be achieved through delivering further efficiencies in the energy management team.

### **9. Property management; £450k saving**

As a part of the continuing property rationalisation process surplus assets have been identified. It is anticipated that a number of redundant properties will be disposed of in the short to medium term, resulting in the reduction of property management costs. This saving has been re-profiled over the 3 year period of 2018/19 to 2020/21.

### **10. Parking and traffic management; £200k saving**

This is the final year of a 3 year savings target as a result of a complete review of parking and traffic management enforcement activities across the city.

### **11. Discounted travel; £80k saving**

The continuation of the 2017/18 saving withdrawing discounted travel for young people.

### **12. Arts grants; £270k saving**

Following on from the 2017/18 reduction, this saving relates to the new approach to delivering a sustainable service whilst reducing the arts grants subsidies.

### **13. Museum Trust; £684k saving**

Conclusion of the transformation of the Museums offer, the remaining recurrent revenue funding is being removed from the Council budget.

### **14. Library service; £337k saving**

Following the Libraries Strategic Review, changes to the Library service will result in cost savings. The profile of the saving amount has been changed to reflect the current progress of the review.

### **15. Parks service; 106k saving**

As a part of the original Leisure review opportunities have been identified within the Parks service to find cost efficiencies and increase income.

### **16. Planning service; £113k saving**

A continuation of the 2017/18 saving that identifies efficiencies and increased income from within the Planning service.

### **Organisation and Governance Directorate; £3,445m saving:**

### **17. Information systems; £283k saving**

During 2016/17 the budgets were reviewed and realigned to reflect the new model of service provision. This is the final year of a 3 year saving resulting from the review.

### **18. Housing Benefit; £250k pressure**

The one-off Housing Benefit overpayment saving in 2017/18 is unwinding over the subsequent 2 years.

### **19. Registration services; £49k saving**

As a part of the Delivering Differently 'invest to save' schemes, this is a continuation of a 2017/18 scheme to realise efficiencies within the service.

### **20. Savings arising from rationalisation and transformation; £3,363m saving**

During 2017 the council has risen to the challenges presented by its external auditors who have set out areas for improvement from a control and value for money perspective. We have responded by targeting inefficiency to support further transformation of the Council to ensure we are better placed to meet the increasing challenges posed by reducing government funding. It is expected that most of the savings will be delivered through non-recruitment to vacant posts and potential opportunities for voluntary redundancy as service needs change.

### **Corporate; saving £780k:**

### **21. Treasury management; £780k saving**

The Council manages a total debt (loans) portfolio of almost £500m and an investment (cash) portfolio of almost £100m. A major review has been performed to assess the Council's future borrowing requirement to support its capital investment programme and to assess its cash requirements. This work has allowed a substantial saving to be identified as part of the Council's review of its Minimum Revenue Provision (approved by Council in 2016), the debt cost of funding the Housing Revenue Account and the opportunity to invest its surplus cash to generate better returns (interest).



**Capital Investment Programme:**

<b>Investment Area</b>	<b>Project</b>	<b>£</b>
Schools	<b>Total Schools Funded Programme</b>	<b>14,842,692</b>
Housing General Fund	<b>Total Housing General Fund Funded Programme</b>	<b>2,925,000</b>
Property	Total Essential & Major Maintenance Projects	6,329,000
Property	Total Property Improvement: Refurbishment	6,308,000
Property	Total Property Rationalisation Programme	-
Property	Total Parks Programme	503,000
	<b>Total Property Funded Programme</b>	<b>13,140,000</b>
Flood Defence	<b>Total Flood Defence Funded Programme</b>	<b>250,000</b>
Highways & Transport	<b>Total Highways &amp; Transport Funded programme</b>	<b>7,756,524</b>
Vehicles Plant and Equipment	Grounds Plant & Equipment	350,000
Vehicles Plant and Equipment	Pest Control	-
Vehicles Plant and Equipment	Highways Fleet	-
Vehicles Plant and Equipment	Refuse Vehicles & Plant	65,000
Vehicles Plant and Equipment	Street Cleaning Equipment	65,000
Vehicles Plant and Equipment	Cemeteries purchase of a digger	
Vehicles Plant and Equipment	Advertising Boards	-
	<b>Total VPE Funded Programme</b>	<b>480,000</b>
Regeneration	City Centre Accelerated Development	360,076
Regeneration	Building Frontage Enhancement Scheme	0
Regeneration	Queens Street shopfronts	0
Regeneration	The Spot	0
Regeneration	Climate Change ERDF	370,000
Regeneration	Marble Hall	0
Regeneration	St Peter's Cross Public Realm	0
Regeneration	Public Realm Derby Arena	165,000
Regeneration	iHub plot preparation	300,000
Regeneration	Infinity Park Derby - Initial Infrastructure	108,055

Regeneration	Infinity Park Derby - Wayfinding	200,000
Regeneration	Townscape Heritage Initiative	452,658
Regeneration	Friargate Bridge	0
Regeneration	St Almunds Bridge	0
Regeneration	Mackworth War Memorial	0
Regeneration	Sadler Square Site Acquisition	17,000
Regeneration	Access Osmaston	750,000
Regeneration	City Centre Living	800,000
Regeneration	Derby Vibrant City Placemaking	818,000
Regeneration	T12 Phase 2	678,000
Regeneration	Victory Road Re-alignment	1,670,000
Regeneration	Holmleigh Way Enhancement	0
	Brook re-alignment/innovation drive ext	1,700,000
Regeneration	Derbyshire County Cricket Club	0
Regeneration	D2EGF	107,000
Regeneration	Derby Enterprise Growth Fund - Recycled	500,000
Regeneration	Darley Abbey Mills	0
Regeneration	Creative Pathways	0
	<b>Total Regeneration Programme</b>	<b>8,995,789</b>
	<b>Total ICT</b>	<b>2,925,000</b>
	<b>Total before Major Projects</b>	<b>51,315,005</b>
	<b>Total Major Projects</b>	<b>57,077,406</b>
	<b>Total Capital Investment Programme</b>	<b>108,392,411.00</b>