



Derby City Council

COUNCIL CABINET**16 February 2022**

Report sponsor: Simon Riley, Strategic Director
of Corporate Resources and S151 Officer
Report author: Toni Nash, Head of Finance,
Corporate Resources

ITEM 13**Medium Term Financial Plan (MTFP) 2022/23 – 2024/25****(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 2022/23 to 2024/25 to recommend to Council:
- 1.1.1 The budget includes estimates of future demand and economic pressures as the Council plans for the City, post the pandemic, and in 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 costs especially within the areas of social care and macro-economic pressures within the economy. This has led to increased pressures being added into the MTFP. The national and local context of the MTFP is set out in the Medium Term Financial Plan update and consultation report approved by Council Cabinet on the 21st December 2021.
- 1.1.2 It has been necessary to plan for reductions in the Council's spend. The majority of these are delivered through the Council's transformation programme 'Working Smarter' which aims, through a series of programme areas, to reshape service delivery over the next three years with the twin goals of delivering improved Value for Money and to develop services which are delivered with residents and communities. Other savings have been aligned to the four partnership themes of Vibrant Derby, Green Derby, Growth Derby and Resilient Derby.
- 1.1.3 The background to the current MTFP is one of significant uncertainty given the impact of the COVID-19 pandemic, the results of which have impacted on the way the Council operates, the needs of our most vulnerable citizens and the income that we rely on to fund our services. Because of the current level of national economic uncertainty and the widespread pressures on public spending, it is vital the Council understands its financial outlook and continues to plan effectively for the future. It has been necessary in 2021/22 to implement spending review panels to manage in year-demand and to improve financial resilience. It is anticipated that these will continue in 2022/23.
- 1.1.4 Robust financial planning and financial management alongside our budget preparation, performance management and stakeholder reporting is an integral part of our corporate governance and gives us the ability to look strategically and align our priorities beyond the current budget period. This is crucial to support and ensure our resilience and long-term financial sustainability.

1.1.5 The impact of COVID-19 upon the Council's financial position in both 2020/21 and 2021/22 has been significant and despite national increases in the spending power of Local Government to reflect this, the additional funding is not sufficient to meet all of the Council's demands. Future Covid demands are unknown.

1.1.6 The key objectives of the report are:

- To ensure that effective financial planning contributes to the delivery of the Council Plan
- To ensure that the Council is financially resilient, stable and sustainable for the future
- To maximise the income from Council Tax and Business Rates to support the priorities of the Council
- To plan for future resources available and to estimate expenditure requirements to ensure value for money is achieved and resources are utilised where outcomes are measurable and have real impact.

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:**

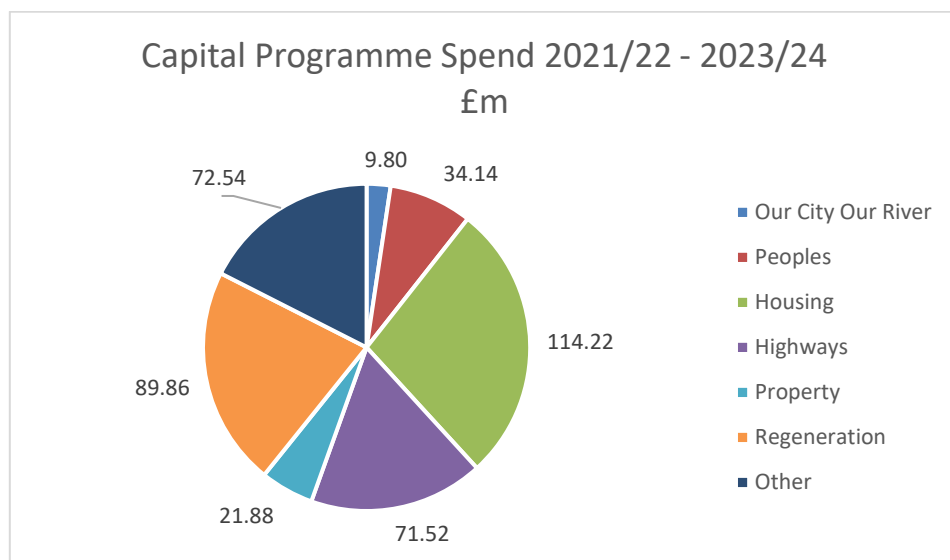
This report outlines proposals to recommend to Cabinet a net budget requirement of £259,554,475 for 2022/23 and outlines further budget proposals for 2023/24 and 2024/25.

It also sets out permanent savings requirements of (£16.979m) over the three-year period to address the impact of demand pressures, rising costs, maintaining priority services and investing in the Derby Council Plan and Vision of being 'Ambitious for Derby'. These savings total (£13.471m) in 2022/23, (£2.493m) in 2023/24 and (£1.015m) in 2024/25.

There are identified budget gaps in 2023/24 and 2024/25 that will require further savings, income and transformation proposals to address. The budget gaps include planned contributions to reserves to improve the financial resilience and sustainability of the Council.

1.3 **Capital budget:**

The report sets out the 2022/23 to 2024/25 capital programme to recommend to Council. The main areas of the £413.960m programme over the next three years are:



The programme includes slippage from the 2021/22 approved Capital Programme. This has been reported in the Quarter 3 Revenue monitoring. The capital programme outlines assumptions made on future year's government allocations which are still to be confirmed.

The report also contains a refreshed 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. A revised Capital Strategy linked to the new Council Plan, priority themes, levelling up agenda and investment opportunities will be produced and adopted in 2022/23

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 2022/23 and to plan its finances on a sustainable basis.

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 Strategic Director of Corporate Resources (attached at Appendix 7). This details the adequacy of reserves and robustness of the estimates for the period 2022/23 to 2024/25.

- 1.4.1 The report also details how the Budgets support delivery of the Council Plan and a number of the initiatives and approaches to allow resources and investments to be targeted to priorities.

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.

The 2022/23 allocation for the DSG is £285.803m and is made up of four blocks of funding:

- Schools Block £213.306m (includes £1.39m NNDR outlined in section 6.1.13)

- Central School Services Block £2.848m
- High Needs Block £50.981m
- Early Years Block £18.668m

Nationally the announced increase in school funding is 3.2% overall. The national funding formula (NFF) continues to distribute this fairly, based on the needs of schools and their pupil cohorts. The NFF is levelling up school funding: increasing core factors of the formula by 3%, while ensuring that every school is allocated at least 2% more funding per pupil.

Derby has applied NFF rates to all factors. For schools in Derby the formula factors have been increased by 3% and minimum funding levels by 2%, however the impact varies school to school based on the eligibility of pupils triggering the various factors

For Derby the High Needs Block has been increased by 11%, £5.084m. There continues to be significant challenges for the High Needs Block in Derby, this is a national position.

Recommendations

- 2.1 To consider and note:
- (a) The outcomes of the Budget Consultation detailed in Appendix 9 and 10 and 11 and Scrutiny detailed in Appendix 12
 - (b) The outcomes of the Executive Scrutiny Board of the 17th 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 2022/23 to 2024/25 detailed in Appendix 7
 - (d) The Our City Our River (OCOR) offer of £17.7m Grant in Aid (GIA) is included in Compliance with Contract and Financial Procedure Rules on this Cabinet agenda and referred to in section 5.2.6. The capital programme will be updated accordingly post February Cabinet.
 - (e) The Parklife bid for football foundation funding of £6m is included in Compliance with Contract and Financial Procedure Rules on this Cabinet agenda and referred to in 5.2.8. The capital programme will be updated accordingly post February Cabinet.
 - (f) The Market Hall – a separate report on this agenda seeks approval to the total project costs and proposed funding to deliver phase 2 transformation. The capital programme will be updated accordingly post February Cabinet. This is referred to in Appendix 17 of this report, the Capital Strategy at section 1.3.
 - (g) The use of the S106 contributions detailed in section 5.3.11 and detailed in Appendix 19
 - (h) Future considerations as detailed in section 9
 - (i) Financial support provided to Derby residents as outlined section 4.6.5 in Appendix 20.

2.2 Subject to the above to recommend to Council to approve:

2.3 **Revenue Budget**

- a) Derby City Council's net budget requirement for 2022/23 of £259,554,475 subject to the finalisation of the Council's Council Tax for 2022/23
- b) To increase the City Council element of Council Tax by 1.99% as set out in in section 4.6
- c) To increase Council Tax by an additional 1% Social Care Precept as set out in section 4.6
- d) The current list of savings options outlined in Appendix 4 with an associated estimated reduction in posts by 52.25 full time equivalent (FTE) as outlined in section 4.5
- e) The current estimated service pressures outlined in Appendix 5
- f) The directorates revenue budget plans for 2022/23 to 2024/25 estimates as detailed in Appendix 2
- g) The implementation of savings proposals included in Appendix 4
- h) The commencement of appropriate procedures to support the specific budget proposals listed in Appendix 4.

2.4 **Reserves**

- a) The use of budget risk reserve of £4.352m on a non-recurrent basis to smooth the timing differences for the collection fund of £4.158m and to smooth the budget gap in 2022/23 of £0.194m as outlined in section 4.3.8
- b) The use of Treasury Management Reserve to the smooth the timing differences within the capital programme as outlined in section 4.3.8
- c) Use of budget risk reserve to fund voluntary redundancy exit costs as outlined in section 4.5.1
- d) Reallocation of earmarked reserves arising from review of reserves as outlined in section 7.1.1
- e) The Section 25 reserves adequacy report as detailed in Appendix 7 of this report.

2.5 **Capital**

- a) The capital programme for 2022/23 and note the indicative capital programme for 2023/24 and 2024/25 as set out in section 5. A summary and detail is outlined in Appendix 13
- b) To recommend that Council approve the additional borrowing outlined in section 5.1, 5.1.16 and 5.3.5
- 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
- g) The application of the flexible use of capital receipts as outlined in section 5.3.10
- h) The Capital Ambition detailed in Appendix 18

2.6 **Dedicated Schools Grant**

- a) The allocations of the Dedicated Schools Grant as detailed in section 6
- b) The increase of Minimum Funding Level per pupil to £4,265 per primary school pupil and £5,525 per secondary aged pupil
- c) The base rate element of the Early Years Funding for 2-year-olds of £5.57 per hour and 3/4-year-olds £4.54 per hour. The Stand-Alone Maintained Nursery Supplementary rate of £1.51 (Universal Hours)
- d) The application of the following formula criteria for 2022/23:
 - I. To implement a cap on growth above 4.73% per pupil with no factor being scaled back
 - II. To set a Minimum Funding Guarantee of 2%.
- e) The transfer of £0.303m from the Schools Block to the High Needs Block
- f) To approve the value of Growth Fund of £0.244m to be retained centrally.

To delegate:

- Approval to the Strategic Director of Corporate Resources to make necessary adjustments in order to retain a balanced budget for 2022/23
- Approval to the Strategic Director of Corporate Resources in consultation with the Cabinet Member for Finance 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. These will be subsequently reported in the quarterly financial monitoring reports to Cabinet

Reasons

- 3.1 The Council is required to set a balanced budget for 2022/23 by 11th March. This report proposes a balanced budget for the financial year 2022/23.
- 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 2022/23 to 2024/25 MTFP budget proposals included within this report provides the resources framework for the delivery of Council priorities including the Derby Council Plan and in relation to the Covid pandemic.
- 3.4 The Capital programme for 2022/23 and the indicative capital programme for 2023/23 and 2024/25 require Council approval under Contract and Financial Procedure Rules to ensure that the programme meets the corporate outcomes.
- 3.5 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 overall aims.

Supporting Information

4. Revenue Budget

- 4.1 Key areas of the section are outlined below:
 - I. A link to the 21st December 2021 Cabinet report which outlines:
 - The budget process
 - The risks and influences affecting the Medium Term Financial Plan
 - The local government financial picture
 - MTFP modelling assumptions
 - Proposed Council Tax levels
 - II. The proposed MTFP with changes outlined and Final proposed Directorate savings and pressures
 - III. Impact on FTE

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 effects of the global Covid pandemic and continued Social Care demand pressures.
- 4.2.2 Preparing saving proposals of this magnitude following a global pandemic is challenging. Our City's needs are different, our services have changed as have our priorities and our people. The Council has a place shaping role for the whole City which is detailed in the proposed Council Plan Vision of 'Ambitious for Derby – WITH the City, FOR the City'
- 4.2.3 The budget approach for this MTFP, has been a collaboration across the Council as Directorates sought proposals together to provide outcome-based solutions to the financial challenge. The Council's ambitions are set out in the Council Plan, the themes of which have been co-produced and subsequently adopted by the City-wide Partnership Board. It is through these partnership plans that the savings proposals have been developed asking the question of what can the City deliver for the City?
- 4.2.4 The overarching principle of the Medium Term Financial Strategy (MTFS) and the Council Plan is 'Better Together' which seeks to:
- Champion change
 - Work across organisation and community boundaries – informed by individuals, aspirations and need
 - See our communities and individuals as a strength, focusing on their assets to unlock their potential
 - Develop resilience by using the strength of combined partnerships to support communities
 - Work together to identify resources and recognise our collective skills and reach.
- 4.2.5 The Medium-Term Financial Strategy update [Council Plan and MTFS](#) was approved by Cabinet on 08th December 2021. On the 21st December 2021, Cabinet approved proposals to set a balanced budget for 2022/23. A detailed consultation exercise on the budget proposals was carried out between 22nd December 2021 and 28th January 2022 with Councillors, key stakeholder groups, members of the public, Trade Unions and the business community. The consultation document is attached at Appendix 9 and can be found on the Council's website. There are no officer recommended changes to the budget proposals in response to consultation (though Members are required to consider the outcomes of the consultation before recommending a budget to Council).

However there are limited changes to the proposals as a result of updated information outlined in section 4.3.3.

- 4.2.6 On the 21st December 2021 Cabinet were updated on the MTFP and specifically the risks and influences affecting the MTFP and the modelling assumptions in section 4.3 and 4.4 respectively – a link to the report can be found below:

[Budget Report December 21 - 2021](#)

4.3 MTFP Update and outline of changes

- 4.3.1 The table below shows our forecasted MTFP position for 2022/23 to 2024/25 included within this report compared to that presented to Cabinet on 21st December 2021:

Proposed MTFP	2022/23 £m	2023/24 £m	2024/25 £m
Net Budget Requirement	259.554	277.620	287.864
Total Resources Available (funding)	(259.554)	(267.951)	(273.898)
Budget Gap	-	9.669	13.966

Compared to the position presented to Cabinet on 21st December 2021:

21st December Cabinet Report	2022/23 £m	2023/24 £m	2024/25 £m
Net Budget Requirement	258.027	276.347	286.295
Total Resources Available (funding)	(258.027)	(266.424)	(272.371)
Budget Gap	-	9.924	13.924

- 4.3.2 The MTFP has been refreshed and updated for a limited number of additional budget proposals since December.

A list of all proposed changes is outlined in the table below:

- 4.3.3 Table: Changes to Budget Requirement

Changes to budget requirement post 21st December Cabinet Report	2022/23 £m	2023/24 £m	2024/25 £m
Pressures:			
Inflation correction Children's Directorate	0.260	0.260	0.260
Democratic Services - Jubilee One off budget	0.075		
Holiday Activities and Food Programme	1.357	1.357	1.357
Treasury Management updated pressures	(0.044)	(0.262)	0.034
Supporting Families base budget adjustment	0.300		
Savings:			
Increased update of Voluntary Redundancy Scheme	(0.121)	(0.121)	(0.121)
Supporting Families - Additional Income	(0.300)		
Reserves:			
Movement in General Reserve to bring reserve up to 5% due to added Holidays and Activities budget		0.039	0.039
Net Change:	1.527	1.273	1.569

4.3.4 Table: Changes to Funding

*Changes to funding post 21st December Cabinet Report	2022/23 £m	2023/24 £m	2024/25 £m
Holidays and Activities Food Programme Grant	(1.357)	(1.357)	(1.357)
Local Reform and Community Voices Grant	(0.170)	(0.170)	(0.170)
Net Change:	(1.527)	(1.527)	(1.527)

*Public Health allocations are not included as currently awaiting confirmation of final allocations.

- 4.3.5 Cabinet is proposing £16.979m total savings, this is £15.493m of savings in addition to £1.486m previously approved by Council in February 2021 and £28.437m of pressures over the MTFP period (these include those previously approved by Council in February 2021). This summarised in the table below:

Savings and Pressures	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Savings/Income Generation				
MTFP Feb 2021 Council	(1.516)	0.030	-	(1.486)
Current MTFP	(13.471)	(2.493)	(1.015)	(16.979)
Difference	(11.955)	(2.523)	(1.015)	(15.493)
Pressures				
MTFP Feb 2021 Council	(0.068)	3.610	-	3.542
Current MTFP	14.339	6.944	7.154	28.437
Difference	14.407	3.334	7.154	24.895

- 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 additional Government funding of £10.9m announced in the recent spending announcement.
- 4.3.8 The recommended budget includes use of reserves of £4.352m in 2022/23 this is to fund one off collection fund deficit of £4.158m (Business rates deficit £2.076m and council tax deficit £2.082m), and £0.194m to smooth the budget gap in 2022/23 caused by one off pressures.

In addition, There is also use of the Treasury Management reserve of £0.950m 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 £9.669m rising to £13.966m in Year 3 of the MTFP. The budget gaps include planned contributions to reserves in line with the Reserves Strategy approved by Cabinet on the 8th December 2022 and in the MTFP report approved on 21st December 2021. The Council will seek to bridge through service the budget themes. If these were not to be deliverable in the short term there may be the need for short term use of reserves in the future.

4.4 MTFP Forecast 2022/23 to 2023/24

4.4.1 The MTFP incorporates all the proposals detailed within this report and has been refreshed for the forecast revenue costs for the capital investment programme.

The MTFP is summarised in the table below with a detailed breakdown at Appendix 1. The cumulative MTFP position shows a budget gap of £9.669m in 2023/24 which increases to £13.966m in 2024/25 if the gap is not permanently funded in 2023/24. The Budget Gaps assume a contribution to reserves of £4.639m in 2023/24 and a further £3.639m in 2024/25. These planned contributions are to improve the financial resilience and sustainability of the Council.

MTFP	2022/23 £m	2023/24 £m	2024/25 £m
Resources Available (Funding)			
Core Government Funding	22.712	22.552	21.560
Business Rates Tax Base Reduction/Growth	59.007	65.823	65.823
Council Tax Base/Uplift Increases	111.587	116.573	121.361
Better Care Fund	25.603	25.603	25.603
Other Grants	25.047	18.796	18.795
Public Health	19.756	20.156	20.756
Collection Fund Deficit/(Surplus)	(4.158)	(1.552)	-
Total Resources Available (Funding)	259.554	267.951	273.898
Net Opening Budget:	258.340	264.856	273.651
Pressures:			
Inflationary Pressures	5.648	4.344	4.435
Existing Pressures as part of 2021/22 to 2023/24 MTFP	(0.368)	3.610	-
Proposed New Pressures	14.707	3.334	7.154
Total Pressures	19.987	11.288	11.589
Existing Savings as part of 2021/22 to 2023/24 MTFP	(1.516)	0.030	-
Change to Existing Saving	(0.200)	-	-
Proposed New Savings	(11.755)	(2.523)	(1.015)
Total Savings	(13.471)	(2.493)	(1.015)
Net Budget Requirement before reserves movement	264.856	273.651	284.225
Transfer to General Fund and Budget Risk Reserves	-	4.639	3.639
Use of Budget Risk Reserve	(4.352)	-	-
Use of Treasury Management Reserve	(0.950)	(0.670)	-
Net Budget Requirement	259.554	277.620	287.864
Current Budget Gap/(Surplus)	-	9.669	13.966

4.5 Impact on Workforce

- 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 32 colleagues plan to leave the Council on these grounds. This delivered £0.735m of permanent annual savings. The exit costs of £0.370m associated with the VR exits will be funded from the Budget Risk Reserve.
- 4.5.2 The proposals contained in this report will potentially reduce the workforce by an estimated 52.25 fte posts if implemented, this is an increase of 1.08 fte compared to the figure of 51.17 FTE reported in the 21st December Cabinet report due to increased uptake in the voluntary redundancy scheme. The table below summarises the proposed workforce reductions over the MTFP period:

Directorate	New Proposals FTE	VR's Accepted FTE	Vacant Posts FTE	Potential further reduction FTE
Peoples	24.64	11.26	5.80	7.58
Communities and Place	8.66	1.81	4.66	2.19
Corporate Resources	18.95	8.20	8.75	2.00
Total	52.25	21.27	19.21	11.77

*This represents those accepted in principle at this stage. All further workforce reductions including vacant posts are subject to further consultation. The existing voluntary redundancy (VR) scheme was promoted during the development of the savings, and the Council is currently considering the VR requests it has received in line with its relevant policies

- 4.5.3 There are a number of proposals in Appendix 4 marked as to be confirmed (TBC). In general, these are relating to service redesign proposals that are not yet finalised and will be consulted upon later in the year.
- 4.5.4 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 2022/23 by the maximum 1.99% and using the flexibility to levy an additional 1% Social Care Precept. This means the headline Council Tax increase for 2022/23 will be 2.99%. The Government in its definition of Core Spending Power for Local Government assume that Councils will recommend the maximum increase to support service delivery. Given Social Care is the major cost and demand pressure for this Council the Council forecasts to utilise this precept option in 2022/23 and for the following two years. For 2022/23 the precept limit is 1%. This generates an additional £1.1m of revenue in 2022/23 which will then be incorporated in the baseline funding levels for future years.
- 4.6.2 Derby is a low tax-base Council where the majority of properties are in band A, B and C. This, by implication, means that any increase in Council Tax will raise less additional revenues than neighbouring higher tax-base authorities. It is vital therefore that Derby maximises the opportunity to maximise its Council Tax base wherever possible.

- 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 2022. The impact of the proposed 2.99% increase is detailed in the table below:

4.6.4

Band	Number of Properties	% in receipt of Council Tax Support	2021/22 Derby City Council Tax	Proposed 2022/23 Derby City Council Tax	Annual Increase	Weekly Increase
			£	£	£	£
Band A	57,082	24.16%	1,031.43	1,062.27	30.84	0.59
Band B	21,737	9.27%	1,203.33	1,239.31	35.98	0.69
Band C	16,829	5.55%	1,375.24	1,416.36	41.12	0.79
Band D	8,721	2.80%	1,547.14	1,593.40	46.26	0.89
Band E	4,652	1.27%	1,890.95	1,947.49	56.54	1.09
Band F	2,318	1.42%	2,234.76	2,301.58	66.82	1.28
Band G	670	1.19%	2,578.57	2,655.67	77.10	1.48
Band H	52	0	3,094.28	3,186.80	92.52	1.78

- 4.6.5 The proposed 2.99% Council Tax increase for 2022/23 means that 93% of Derby payers will not have to pay more than £1 a week more than they paid in 2021/22. The increase will be mitigated for a number of properties in these bands (Band A, B and C) who are in receipt of full or partial Council Tax support. The Council is mindful of the impact in the rise of the cost of living to the citizens of Derby and provides financial assistance in a variety of ways as detailed in Appendix 20.

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. In recent years the Council's Capital Programme is increasingly ambitious and includes the securing of significant external funded schemes such as the £69m for the Transforming City Programme alongside major investment in modern 21st Century assets such as the £42m investment in Moorways Sports Village.
- 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 and therefore the true flexibility comes from either capital receipts or borrowing. Whilst the level of borrowing is still relatively low compared to comparator Councils, considering the current financial constraints on the Council significant new investment has been limited to essential schemes only.
- 5.1.3 Despite the current financial constraints, the Council does have 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 offers.

- 5.1.4 It is essential that the Capital Programme alongside the Revenue Budget is aligned to the new Council Plan and ambition for Derby. In addition, other external funding being co-ordinated and bid for via the Local Enterprise Partnership (LEP) to competitive national bidding rounds, such as the Levelling Up Fund and the emerging Shared Prosperity Fund require us to 'pause' and develop a new ambition for place and community investment.
- 5.1.5 The Capital Programme (excluding the HRA) detailed below totals £315m over the next three years. This programme will have a major positive impact on the City. Within the Capital programme there is provision for a 'future investments pot' of £61m over the three-year programme. This will allow us to be agile in bringing forward new schemes, lever in significant external funding and to meet future capital liabilities. The MTFP includes provision for prudential borrowing for this future investment.
- 5.1.6 In December 2021 the consultation document included a refreshed list of potential capital investment needs and opportunities that may require investment at a future point. This has been refreshed and will be updated during 2022/23 through the development of a new Strategy linked to the revised Council Plan progressing our ambition with and for the City.
- 5.1.7 **Development of Capital Programme**

In February 2021, Council approved a Capital Programme for 2021/22 to 2023/24. This represented a significant investment programme in key areas such as:

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

- 5.1.8 During 2021/22, 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.

As well as the above key areas and following successful bidding and development of economic growth during the year the Council has incorporated into the Capital Programme several schemes to deliver economic growth, increase vibrancy within the City and to deliver on existing Capital priorities. Key additions to the programme included Smartparc, Becketwell Performance Venue, Advanced Manufacturing Centre at Infinity Park and OCOR Flood Defence Programme.

5.1.9



In addition, the Council received confirmation of £69m for the Transforming Cities programme and has secured additional funding for Our City, Our River (OCOR).

- 5.1.10 During 2021/22 significant progress has been made on Moorways Sports Village with planned opening in Spring 2022. This is a transformational new Leisure facility for the City. A recent image of progress is shown below:



- 5.1.11 During 2021/22 a detailed review of the capital programme was undertaken. This review considered the current programme schemes against the Council's strategic objectives, capacity to deliver, along with any associated risk in the context of the COVID-19 Pandemic and the Council's Plan.
- 5.1.12 The revenue impact of this and the final capital programme has been modelled through the Treasury debt model to determine the financing impact on the Revenue Budget going forward. This is included in the MTFP. This has been refreshed to include the Quarter 3 Capital Monitoring changes also included on this agenda.
- 5.1.13 The Capital Programme includes the following additional schemes:
- I. £0.250m for the flood defence programme for 2024/25 funded from corporate unsupported borrowing
 - II. Programme of works totalling £6.149m in 2024/25 for the property maintenance requirement funded from corporate unsupported borrowing
 - III. Addition of a further allocation for the highway's maintenance requirement of £5.494m for 2024/25 funded in the main from supported capital expenditure (SCE C)
 - IV. New scheme ICT programmes totalling £1.875m for various digital and cyber initiatives required across all years funded from capital receipts
 - V. Addition of the Museums Estate Development Fund (MEND) match funding for the central museum roof £1.25m
 - VI. Addition of the children's residential homes scheme £1.3m including the D2N2 scheme for additional residential capacity for complex needs
 - VII. Addition of new Carelink equipment totalling £0.352m over the next two years.
 - VIII. Existing schemes that have either been reviewed, refreshed, or rolled forward.
- 5.1.14 Council Cabinet issued a Capital Programme for consultation (excluding the HRA) on 21st December 2021. Since then, additional schemes have been through the Capital Gateway approval process and have been added to the Capital Programme. Slippage identified in the 2021/22 Quarter 3 Capital Monitoring has been included in the revised programme.
- 5.1.15 Continued focus on capital delivery arrangements will continue to ensure delivery of capital schemes within this MTFP period.

- 5.1.16 The following amendments have been made to the Capital Programme since the budget issued for consultation approved by Cabinet on 21st December 2021.

Table: Final changes to 2022/23 to 2024/25 capital programme since the Consultation process.

Change (cumulative)	2022/23 £m	2023/24 £m	2024/25 £m
Capital Programme Consultation	144.341	89.817	56.851
HRA not included in consultation	34.660	34.750	29.521
Q3 slippage	15.971	7.239	(2.364)
Rephasing of children's homes accommodation strategy	(0.100)	(0.100)	0.200
Rephasing D2N2 Children's Homes matched funding	(0.100)	0.100	-
Addition of Green Home Grant Local Authority Delivery - Phase 3	2.500	-	-
Rephasing of Healthy Housing Assistance programme	(0.095)	0.015	0.080
Rephasing of Empty Property Assistance	(0.015)	0.035	0.020
Rephasing of Disabled Facilities Grant (DFG) 96 Act	(0.478)	0.185	0.293
FHSF Connecting Works	0.118	0.389	-
Becketwell Area Regeneration contingency addition	0.127	-	-
Revised Capital programme	196.929	132.430	84.601
Funding Available at Consultation	144.341	89.817	56.851
HRA (MRA and Right to Buy receipts)	34.660	34.750	29.521
2020/21 Q3 slippage all funding sources	15.971	7.239	(2.364)
Unsupported Corporate Borrowing for rephasing of children's homes	(0.200)	-	0.200
Additional Government Grant for LAD 3	2.500	-	-
External contributions rephasing	(0.110)	0.050	0.100
Rephasing of Government Grant re DFG	(0.478)	0.185	0.293
Government grant FHSF Connecting works	0.118	0.389	-
Becketwell Area Regeneration contingency addition UBC	0.127	-	-
Revised Funding Available	196.929	132.430	84.601

5.1.17 Major projects

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

- 5.1.18 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.

- 5.1.19 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 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.
- 5.2.3 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.
- 5.2.4 To facilitate this, it is recommended to Council that the movements within the approved Capital Programme continue to be delegated to the Strategic Director of Corporate Resources in consultation with the Cabinet Member for Finance to permit movement of schemes, subject to affordability (detailed within the 3-year capital programme) and reported in the quarterly financial monitoring reports.
- 5.2.5 The Capital 'Headroom' within the programme is £61m supported by borrowing costs within the MTFP further provided for agility within the Capital Programme without the need for Council approval of revised prudential code permissions. This will fund existing commitments and potentially support the capital ambitions detailed in Appendix 18.
- 5.2.6 **Our City Our River Update (OCOR)**
A report through Financial Matters (on this agenda) has requested Cabinet to accept an offer of further Grant In Aid (GiA) funding from the Environment Agency of £17.7m to support completion of the Package 2 section of OCOR at Derby Riverside. When/if accepted, OCOR's Capital Programme is forecast to increase from £9m for 2022/23 to over £14m. With an increase in total expenditure during the MTFP period to 2025 of almost £32m. The capital programme does not currently include this additional offer and will be profiled and added to the programme as appropriate.
- 5.2.7 OCOR has secured grants to date of just over £63m. The additional £17.7m will increase this total to over £80m. Expenditure to date plus the proposed increase to the end of the next MTFP period gives a revised forecast lifetime total of £74.5m which remains within the (2022 update) grant funding secured by OCOR.

5.2.8 **Parklife**

A report through Financial Matters (on this agenda) has requested Cabinet to approve that Derby City Council bid for capital funding to the Football Foundations Football Hub programme and to delegate authority to the Strategic Director of Communities & Place, the Strategic Director of Corporate Resources in consultation with the Cabinet Member for Streetpride & Public Spaces to accept the grant, subject to:

- Acceptable grant conditions
- The approval of match funding from the Council's Capital Future's Fund.

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 3 new Artificial Grass Pitches and refurbish the existing pitch to total 4
- 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 on-site car parking capacity and access
- Develop the wider site to transform the site into an improved accessible community space including replacement of 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 £10m. The estimate is based on RIBA Stage 2 assessments and not final cost certainty. The application to the Football Foundation will be for a minimum of 60% of the total cost (£6m). The DCC match will therefore be approximately £4m funded from the futures pot for which a provision has already been included as part of the futures investment pot total. The Parklife scheme has not therefore been included within the programme as a scheme in its own right until the bid is accepted, gateway approval has been given and full cost certainty is known.

5.2.11 The capital programme for 2022/23 to 2024/25 detailed in Appendix 13 has been categorised by the Council's priorities, Enablers, Green, Growth, Resilient and Vibrant.

5.2.12 **Market Hall**

The current refurbishment of the Market Hall is moving from the refurbishment stage (Phase 1) and into the transformation stage (phase 2). A separate report on this agenda details estimated Capital Costs (and associated contingencies) to complete Phase 2. This is presented alongside a draft Business Case for the operation and vibrancy of the Market Hall which is expected to open in 2024.

5.2.13 Further Capital Approvals are required following the RIBA Stage 2 design phase, alongside progressing further design work in respect of the public realm and Osnabrook square. The additional capital requirement is estimated at £10.089 million to be funded from the Capital Futures Pot. This has not yet been incorporated into the Capital Programme detailed in this report – this will happen post the Gateway Review process.

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 due 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 £158.5m over the three years. New borrowing has been programmed to include requirements for a continued property maintenance programme, an additional year for flood defence schemes around the city, provision for the MEND scheme, a provision for the children's homes accommodation strategy and further future provision for future capital investment for the year 2024/25.
- 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 three-year capital programme funded from borrowing is 44%. The proportion funded from borrowing for the next three years programme is 50.4%. 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 2022/23 capital programme. Capital receipts for the years 2023/24 and 2024/25 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 In 2021/22 receipts from the Wholesale Market and Allestree Hall were identified for transformational projects under this legislation within the Council. This will invest in the Council's transformation programme and achieve associated savings and efficiencies. This regulation was due to finish in 2021/22 but has been extended for a further year to include specified receipts for 2022/23. For 2022/23 the sale of Westside Park has been identified as a receipt for partial use for transformation projects. The Council proposes using £1.5m of this receipt to continue to utilise current capital flexibilities to support transformation. A further report will be presented to Cabinet at a later date to finalise a plan for these areas of transformation. 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.
- 5.3.11 **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. New S106 contributions programmed within the Capital Programme for 2022/23 are as detailed in Appendix 19.
- 5.3.12 **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.
- 5.3.13 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.
- 5.3.14 The revenue budget provision for the current three year MTFP includes sufficient treasury provision for the treasury management function including additional borrowing requirements.
- 5.3.15 The revenue implications of the 2022/23 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.
- 5.3.16 **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.
- 5.3.17 **Minimum Revenue Provision (MRP)** - The Council is required to declare its MRP (set aside for the repayment of debt) Policy each year. 2022/23 policy is detailed at Appendix 15.

6. **Dedicated Schools Grant**

- 6.1 In recent years the DSG has been under financial pressure due to funding changes in the National Funding formula coupled with high level of demand in the High Needs Block which supports young people with special educational needs (SEN). This is a national picture that has emerged nationally as a direct implication of the SEND reforms enshrined in the Children and Families Act 2014.
- 6.1.1 The majority of the additional Government funding has been targeted at additional per pupil allocations for schools linked to the National Funding Formula which is welcomed. However, the Councils share of the additional High Needs Funding is unlikely to be sufficient to meet the demand in this area.
- 6.1.2 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.
- 6.1.3 The budget in 2021/22 for support to children in mainstream settings was increased to £6.1m (an increased budget of £2.1m), the current forecast is showing this will be fully spent.
- 6.1.4 The increasing demand of out of authority places has seen a rise from 296 placement at the end of 2020/21 to 366 placements at Quarter 3 of 2021/22 (a 20% net increase). The budget for 2022/23 has been set to cover the full year effect of the increase in placements.
- 6.1.5 The combination of funding pressures in previous years and demand pressures has required significant drawdowns of the DSG reserve. If Councils has an overall deficit on the DSG, they are required to agree a DSG recovery plan with the DfE. The Council forecast that this trigger is highly probable during 2021/22.
- 6.1.6 **Schools Block (£213.306m)**
- 6.1.7 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.
- 6.1.8 The Schools Block is the only ring-fenced block of the DSG and for 2022/23 has increased by £8.569m from the 2021/22 allocation.

6.1.9 National Changes to the Funding Formula

Although the government has stated that it remains committed to a 'hard' national formula; one where local authorities have little or no role in determining schools' budgets, the approach to be applied for the year 2022/23 is that there still remains some local discretion. The national changes and permissions to the Schools Block are:

- An increase of 3% has been applied to the core factors in the National Funding Formula multipliers (it is not mandatory to replicate these values at a local level)
- An increase of 2% has been applied to the Minimum funding levels per pupil, set as part of the NFF, for 2022/23 are primary school at least £4,265 per pupil and secondary school at least £5,525 per pupil. These values are mandatory and must feature at a local level
- Pupil mobility. Pupils who joined a school between January 2020 and May 2020 attract funding for mobility based on their entry date, rather than by virtue of the May school census being their first census at the current school (the May 2020 census did not take place due to coronavirus (COVID-19))
- The Minimum Funding Guarantee (MFG) can be set at between 0.5% and 2% 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 2022/23 all Non-domestic Rates payable by schools including academies will be directly paid by the ESFA on behalf of schools. Schools will no longer receive budget allocations that include their NNDR value. The ESFA will liaise directly with Billing Authorities, regarding amounts and recoup directly from the School Block allocation the value of NNDR.

6.1.10 The following set of principles will be applied to Derby's Schools Block Funding Formula for 2022/23:

- Implementation of the National Funding Formula rates in the local funding formula
- A Minimum Funding Guarantee set at 2% (per pupil funding protection mechanism). This applies to only 7 schools; 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 £0.303m (0.14%) 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
- A cap on growth above 4.73%. This is required as there is not sufficient funding to fully implement the above principles
- Removal of the Infant Class Size Fund. The final year of the phase out of this funding was 2021/22
- The allocation for the growth fund within the DSG settlement is £1.6m, £0.244m will be retained within the school's block to support the costs of pupil number adjustments through the funding formula £1.360m will be held centrally for in year growth within schools (to note this is Basic Need growth only).

6.1.11 Although formula factors have been increased by 3% and minimum funding levels by 2%, the impact varies school to school based on the eligibility of pupils triggering the various factors.

6.1.12 Schools Forum have the flexibility to approve a transfer of up to 0.5% from the Schools Block to other areas of the DSG. At their meeting of 01st February 2022, the Forum agreed to a transfer of £0.303m (0.14%) from the Schools Block to the High Needs Block.

6.1.13 Table: School Block Allocation:

Schools Block	2022/23 £m	2021/22 £m	Change £m
Allocation	213.306	204.737	8.569
National non-domestic rates school block deduction**	(1.395)	-	(1.395)
Transfer to the High Needs Block	(0.303)	(0.500)	0.197
Allocation including SB Transfer	211.608	204.237	7.371
Requirement			
Infant Class Size Funding	-	0.300	(0.300)
Growth Fund	0.244	0.209	0.035
Balance to be distributed to Schools through the Funding Formula (excluding National non-domestic rates SB deduction)	211.364	203.728	7.636
TOTAL Requirement	211.608	204.237	7.371

** Note that for 2022/23 rates will be paid directly by the ESFA

6.1.14 **High Needs Block (£50.981m)**

6.1.15 In recent years the change to the National Funding formula for core school funding and high needs block has limited the ability to transfer funding from the Schools Block to High Needs. This change was accompanied by a significant increase in ECHPs referenced earlier in the report. Nationally the LGA forecast a significant projected shortfall in the High Needs Block.

6.1.16 Whilst additional funding of £7.3m for 2022/23 will alleviate some of the pressures it has been recognised that the additional funding for the High Needs Block will not prevent the DSG falling into a deficit in the short term, and that the medium to longer term will require some transformational changes to the system to ensure that outcomes are improved within the constraints of the funding envelope.

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 the approval of the Schools 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. At their meeting on 1st February, school's forum agreed to transfer £0.303m (0.14%) for the 2022 2023 financial year. The requirement for such a transfer is to fund £0.053m 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. A further £0.250m is to support schools to provide a Graduated Response (GR) to children with Speech, Language, Communication Needs (SLCN) to achieve their potential outcomes. A separate report is being presented to Schools Forum on the use of those funds

- 6.1.18 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.
- 6.1.19 The budget in 2021/22 for E3 top up requests was increased to £6.1m, and the budget for out of authority placements was increased to £12m the current forecast on these budgets is showing a total spend of £23m.
- 6.1.20 Independent out of authority specialist placements continue to rise. The 2021/22 budget was increased by a further £2.1m to a budget of £12.2m, however demand and costs continue to increase. The latest data is showing that 366 children are placed out of authority, compared to 338 placements at quarter 2 .At the end of 2020 2021 there were 296 out of authority places.
- 6.1.21 Transformation work is ongoing and continues to slow down the exponential growth of the number of placements being made out of the authority and to reduce the demand of E3 requests. This work includes ensuring the needs of young people are met earlier leading to better outcomes and inclusion and resulting in a reduction of specialist support requests to mitigate the increasing demand.
- 6.1.22 Impower have been commissioned to add much needed capacity to the transformation programme and have a good track record of success in other councils. Their priority activities continue with the focus on:
- the development of an early intervention offer (Derby SAL)
 - redesign of the panel process
 - developing and embedding the valuing SEND approach
 - Establishing a gateway process for E3 requests
 - Reviewing commissioned places and ensuring that the commission reflects actual need and use, this will mean that those places that have not been filled will not be funded
 - Ensuring that all exceptional funding payments are reviewed and reflect current needs.

6.1.23 Table: High needs block allocation

High Needs Block	2022/23 £m	2021/22 £m	Change £m
HN block allocation	50.222	45.138	5.084
Import/Export adjustment	(0.641)	0.254	(0.895)
Transfer from Schools Block	0.303	0.500	(0.197)
Allocation including transfer	49.884	45.892	3.992
Requirement	2022/23 £m	2021/22 £m	Change £m
Schools block transfer 2022/23 specific project (para 6.1.1.7)	0.303	-	0.303
Additional High Needs Top Up in school block schools (E3 payments)	6.300	6.100	0.200
Enhanced Resource Schools	2.746	2.595	0.151
Special Schools and Pupil Referral Units - place funding E1/2	20.139	19.344	0.795
Independent Special Schools	17.895	12.246	5.649
Post 16 High Needs Other Providers	4.284	4.142	0.142
High Needs Contingency	0.800	0.478	0.322
Additional Alternative Provision	-	0.107	(0.107)
Hospital and Medical Education	0.332	0.332	-
Other High Needs Support Services	1.166	1.148	0.018
Total Requirement	53.965	46.492	7.473
Use of DSG Reserves	-	(0.600)	(0.600)
Deficit 22-23	(4.081)	-	(4.081)

6.1.24 Central School Services Block (CSSB) (£2.848m)

6.1.25 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.

6.1.26 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 £2.8m as this funding is used to support services provided by the Council. For 2022/23 there is a reduction of £0.282m which has been incorporated within the Council's MTFP.

6.1.27 Table: Central Schools Block Allocation

School Central Block	2022/23 £m	2021/22 £m	Change £m
Allocation	2.848	3.130	(0.282)
Requirement			
Historic Commitments	1.410	1.410	-
Historic Retirement costs	1.300	1.300	-
Teachers' Pension grant	0.095	0.095	-
Admissions	0.314	0.314	-
Prudential borrowing	0.175	0.175	-
Copyright Subs balance	0.210	0.215	(0.005)
TOTAL Requirement	3.504	3.509	(0.005)
Reduction in DSG funded from the General Fund in 2021/22	0.656	0.379	0.277

6.1.28 **DSG Reserve**

6.1.29 The ongoing pressures within HNB is forecasting further overspends that will deplete the DSG reserve.

The current DSG reserves held now reflect the committed use as per the previous financial year £2.63m. forum agreed in October 2021 to set aside a further £0.9m for the ongoing IMPOWER and SEN work, leaving an uncommitted reserve of £1.73m.

The final reserves outturn position is dependent on the timing of the previously committed expenditure, currently £0.1m has been spent from the £0.9m SEN work and there are further potential underspends around Fresh start work, circa £0.2m which, if not expended in this financial year impact on the final figures.

DSG Reserves 2021/22		
		£m
2020/2021	Balance B/fwd	4.210
Commitments approved by school's forum Jan 21	Use of reserves to balance the 21/22 budget	(0.600)
Commitment approved by school's forum June 21	Underspend on Early Years will be clawed back in 2021/22	(0.415)
Approved as part of the 20/21 budget setting by school's forum January 20	SEN Graduated response	(0.426)
Approved by schools forum	E4E school's forum commitment	(0.048)
Approved by schools forum	IYFA commitments	(0.090)
Approved By schools forum October 21	HN transformation	(0.900)
December 2021	Balance of uncommitted reserves	1.731
	Forecast in year Deficit	(4.300)
Forecast reserves position 22021/22		(2.569)

It is forecast that the deficit position at the end of 2021/22 will be (£2.569m). A summary of the reserves in recent years is shown in the table below:

Financial Year	£m	
2015/16	6.882	
2016/17	6.955	
2017/18	6.994	
2018/19	2.836	
2019/20	2.582	
2020/21	4.211	
2021/22	(2.569)	Forecast deficit

- 6.1.30 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.

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 A review of Reserves has been undertaken during 2021/22 resulting in the following proposed reallocation of Reserves to the Budget Risk Reserve. The proposed reallocation of reserves will be actioned following consideration and approval by cabinet. The position after the reallocation of reserves is shown in Appendix 4:

Reserve	Current Reserve	Reallocation	Revised Reserve
	£	£	£
Budget Risk Reserve	18,268,762	968,026	19,236,788
Trading Services	155,491	(116,852)	38,639
Year end grants with restrictions	10,680,743	(1,185)	10,679,558
Equal Pay	3,759,979	(500,000)	3,259,979
HR Reserve	146,472	(85,869)	60,603
Getting to Good	59,640	(59,640)	-
Leaving Care	18,724	(18,724)	-
Leadership Priorities Reserve	8,756	(8,756)	-
Brexit	290,522	(177,000)	113,522
Total	33,389,089	-	33,389,089

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

7.1.3

	Estimated Opening Balance 31.03.21 £m	In Year Movements £m	Estimated Commitments £m	Residual Balances £m
General Fund	(8.933)	-	(5.278)	(14.211)
Budget Risk Reserve	(18.269)	(0.968)	9.879	(9.358)
Earmarked Reserves (excluding PFI and Capital)	(64.138)	(0.200)	57.191	(7.147)
School Balances	(8.868)	(1.578)	10.446	-

- 7.1.4 The recommended budget includes use of reserves of £4.352m in 2022/23 this is to fund one off collection fund deficit of £4.158m (Business rates deficit £2.076m and council tax deficit £2.082m), and £0.194m to smooth the budget gap in 2022/23 caused by one off pressures.

In addition, there is also use of the Treasury Management reserve of £0.950m to smooth the changes and timings of the capital programme and associated need to borrow.

- 7.1.5 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.

- 7.1.6 The Council is currently forecasting a £1.8m overspend at Quarter 3 in 2021/22 (significantly reduced through financial management strategies and interventions during the year). The key pressure was in respect for Children's social care in 2021/22 and reflected an increase in the Looked After Children population within the City, a trend that is being reflected nationally. Provision has been factored into the proposed budget for this demand

Through implementation of successful demand management interventions the number of looked after children materially reduced in Quarter 3 and is expected not to rise materially in Quarter 4. This alongside the development of a Children's Accommodation Strategy and increased capacity within the City's Children Homes is expected to reduce in the future any in-year calls on reserves that have been required over a number of years due to significant increase in the number of Looked After Children and their cost.

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 EIAs for specific proposals are currently being developed as part of the project planning work in each case.

9 Future Considerations

9.1 Adult Social Care Reforms

On 7 September 2021, government set out its plan for adult social care reform in England these included the introduction of a new £86,000 cap on the amount anyone will need to spend on their personal care over their lifetime. In addition, the upper capital limit (UCL), the point at which people become eligible to receive some financial support from the Council, will rise to £100,000 from the current £23,250. As a result, people with less than £100,000 of chargeable assets will never contribute more than 20% of these assets per year.

The UCL of £100,000 will apply universally, irrespective of the circumstances or setting in which an individual receives care, making it a much more generous offer than a previous proposal in 2015. The lower capital limit (LCL), the threshold below which people will not have to pay anything for their care from their assets will increase to £20,000 from £14,250.

- 9.1.1 To support these reforms government announced £3.6 billion to local government in the Spending Review. This funding, although the majority of which comes in 2023/24 onwards, will help the Council to implement the cap on personal care costs, changes to the means test and to help better sustain our local care markets by moving to a fairer cost of care. It is still unclear of the impact of these changes on core services already provided by the Council and new responsibilities. The MTFP includes £0.775m of additional funding in 2022/23 the use of which will be brought back to Cabinet report later in the year.
- 9.1.2 **UK City of Culture 2025 Bid**
UK City of Culture is a competition run by the Department of Culture, Media and Sport (DCMS) inviting places across the UK to set out their vision for culture-led regeneration. It can strengthen communities, drive economic growth, inspire local pride, and attract new investment and tourism.
- 9.1.3 The Council submitted an expression of interest in July 2021, and it was announced in the autumn of 2021 that we had been successful in being placed on the long list and asked to submit a full bid along with 7 other bidding cities. This was submitted on the 2nd February 2022. DCMS will be announcing the successful short list (probably 4 cities) at the end of March 2022 and then the final winning city in the summer of this year.
- 9.1.4 Investment will be required across the whole partnership including the City Council and the Private Sector should we be successful in being awarded the UK City of Culture 2025. This, if required, will be subject to a later Cabinet report.

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 22nd December 2021 to 28th January 2022 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 17th January 2022. Minutes are attached at Appendix 12
- b. Meetings including representatives from Business Ratepayers on Tuesday 25th January 2022 Minutes are attached at Appendix 10
- c. Notes from to young people through 'Voices in Action' and 'Children in Care' meetings held between Wednesday 05th January and Friday 14th January 2022 . The notes are attached at Appendix 11
- d. Publishing of all relevant budget proposal information on the Council's website.
- e. Meetings and forums with Trade Unions and Staff forums.

Other options

- 10.1 The Council is required to set a balanced revenue and capital budget for 2022/23 by 11th March 2022.
- 10.2 The CIPFA Code does not prescribe any particular treasury management strategy for Local Authorities to adopt. The Council believe the treasury management strategy represents an appropriate balance between risk management and cost effectiveness.

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 levels of reserves, balances and contingencies held are in my opinion adequate. Clearly, there are risks in the achievement of some of the proposed savings and/or income generation proposals. Whilst it is not possible to guarantee that every single proposal will be achieved.

Despite future uncertainties arising from Covid 19 the Council is proposing a 3-year MTFP. 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.

I consider the overall package to be prudent and affordable, and I am assured of the robustness of the projected savings, and the extent of rigour in their calculation. The retained level of earmarked reserves and general fund balance are sufficient to address and mitigate any unplanned cost pressures or funding changes in the short term and over the medium term we are including plans to replenish reserves increasing the general fund to 5% of the net budget and increasing the budget risk reserve balance by £3m by 2024/25.

In my opinion, the estimates are sufficiently robust to allow the Council to set the Revenue Budget, Capital Programme. HRA Budget, Dedicated Schools Grant and Council tax for 2021/22.

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 11th March each year.

Climate Implications

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

Other significant implications

14.1 Personnel

Any proposal which may affect staff if implemented in 2022/23 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. The numbers of potential staff reductions are 52.25 fte of which 21.27 fte are by means of voluntary redundancy. The report also assumes the deletion of 19.21fte vacant posts (subject to further consultation) in the relevant areas. The Council has tried to ensure that staff reductions have been minimised by delivering the majority of its savings proposals from its transformation programme 'Working Smarter'.

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 the forecast out-turn report. There are reserves that, if required, can be used to manage risks.

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	
Service Director(s)	Alison Parkin	
Report sponsor	Simon Riley	
Other(s)	Janice Hadfield Head of Finance Peoples - DSG	
	Ann Webster	
	Liz Moore	
	Andy Hills	

For more information contact:	Toni Nash Head of Finance, Corporate Resources
Background papers:	Budget consultation documents and strategy reports
List of appendices:	Appendix 1 – MTFP Summary Appendix 2 – Changes to Grant funding 2021/22 Appendix 3a – Revenue Budget Summary 2021/22 Appendix 3b – Revenue Budget Summary 2022/23 Appendix 3c – Revenue Budget Summary 2023/24 Appendix 4 – Schedule of Budget Savings by portfolio Appendix 5– Schedule of Budget Pressures by portfolio 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 Minutes Appendix 12 – Minutes from Executive Scrutiny Board Appendix 13 – Summary Capital Expenditure Programme 2022/23 – 2024/25 General Fund Appendix 14 – Summary of unsupported borrowing Appendix 15 – Minimum Revenue Position 2022/23 Appendix 16 – Prudential Indicators 2021/22 to 2024/25 Appendix 17 – Capital Strategy 2022/23 Appendix 18 – Capital Ambition Appendix 19 – S106 Allocations 2022/23 Appendix 20 – Cost of living

Appendix 1

Medium Term Financial Plan 2022/23 to 2024/25	Previous year (Restated)	Draft MTFP			
	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	
FUNDING					
- Retained Business Rates	62.709	59.007	65.823	65.823	
- Core Government Grants	13.476	22.712	22.552	21.560	
- Council Tax	107.597	111.587	116.573	121.361	
- Estimated Surplus/(Deficit) on Collection Fund (one-off)	(1.967)	(4.158)	(1.552)	-	
- Better Care Fund	24.583	25.603	25.603	25.603	
- Public Health	19.756	19.756	20.156	20.756	
- Other Grants	30.219	25.047	18.796	18.795	
Total Resources Available	256.373	259.554	267.951	273.898	
BUDGET					
People Services:					
Adults & Health:					
- Employee Costs	19.023	19.023	19.968	20.199	
- Running Costs	76.723	76.723	80.112	86.315	
- Public Health	16.518	16.518	16.468	16.868	
- Inflation Estimates		1.894	1.734	1.772	
- Grant Income	(0.006)	(0.006)	(0.006)	(0.006)	
- Other Income (<i>Client Contributions, FNC, Joint Funding</i>)	(16.186)	(16.186)	(17.417)	(18.007)	
- Pressures		3.587	4.760	4.550	
- Savings		(2.428)	(0.250)	-	
Adults & Health Net Budget:	96.072	99.125	105.369	111.691	
Children's:					
- Employee Costs	40.208	40.208	40.760	41.802	
- Running Costs	313.125	313.125	319.057	318.232	
- Inflation Estimates		1.597	1.005	1.022	
- Grant Income	(279.324)	(279.324)	(279.324)	(279.324)	
- Other Income	(4.934)	(4.934)	(5.492)	(5.501)	
- Pressures		8.222	(0.400)	-	
- Savings		(3.892)	(0.398)	-	
Children's Net Budget:	69.075	75.001	75.208	76.231	
Peoples Total Net Budget:	165.146	174.126	180.577	187.922	
Communities and Place:					
- Employee Costs	34.386	34.386	34.837	35.163	
- Running Costs	41.586	41.586	40.692	40.712	
- Inflation Estimates		1.243	0.974	0.997	
- Grant Income	(1.322)	(1.322)	(1.322)	(1.322)	
- Other Income	(29.234)	(29.234)	(31.399)	(32.045)	
- Pressures		(1.255)	(0.033)	0.446	
- Savings		(2.596)	(1.240)	(0.560)	
Communities and Place Net Budget:	45.416	42.808	42.509	43.391	

Corporate Resources:				
- Employee Costs	31.177	31.177	31.718	31.842
- Running Costs - <i>includes Housing Benefits</i>	89.967	89.967	90.898	91.286
- Inflation Estimates		0.914	0.631	0.643
- Grant Income - <i>Includes Housing Benefit</i>	(69.532)	(69.532)	(69.532)	(69.532)
- Other Income	(15.640)	(15.640)	(16.669)	(16.560)
- Pressures		2.414	0.845	(0.016)
- Savings		(2.886)	(0.855)	(0.455)
Corporate Resources Net Budget:	35.972	36.414	37.035	37.208
Corporate:				
- Treasury Management	8.708	8.708	10.169	13.091
- 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
- Schools DSG Grant Income - Corporate	(0.144)	(0.144)	(0.144)	(0.144)
- Corporate Contingency Fund	(0.388)	(0.388)	(0.267)	(0.267)
- Corporate Revenue Budget Contingency	0.181	0.181	0.181	0.181
- Scape Dividend	(0.250)	(0.250)	(0.500)	(0.250)
- Opportunity Fund	0.140	0.140	0.140	0.140
- Covid	2.780	2.780	1.150	-
- Pressures - <i>Including Council Wide pressures</i>		1.371	1.772	2.174
- Savings - <i>Including Council Wide pressures</i>		(1.669)	0.250	-
Corporate Net Budget:	11.806	11.508	13.530	15.704
Net Budget (prior to movement in reserves)	258.340	264.856	273.651	284.225
Operating Surplus/(Deficit) before use of Reserve	(1.967)	(5.302)	(5.700)	(10.327)
Reserves				
- Trf to reserves - General Reserve			2.639	2.639
- Trf to reserves - Budget Risk Reserve			2.000	1.000
- Use of Budget Risk Reserves		(4.352)		
- Use of Treasury Management Reserve		(0.950)	(0.670)	
Net Budget Requirement after use of Reserves	256.373	259.554	277.620	287.864
Budget Gap/(Surplus)	-	-	9.669	13.966

Funding Statement	Final	Final	Difference	
	2021/22 £m	2022/23 £m	£m	%
<u>REVENUE SUPPORT GRANT, TOP UP AND BUSINESS RATES</u>				
Revenue Support Grant	12.798	13.195		
Retained Business Rates	46.157	42.454		
Business Rates Top-Up Grant	16.552	16.552		
Prior Year Business Rates Collection Fund Surplus / (Deficit)	(1.489)	(2.076)		
REVENUE SUPPORT GRANT & BUSINESS RATES	74.018	70.125	(3.893)	-5.26%
<u>SPECIFIC GRANTS</u>				
- Public Health Grant	19.756	19.756		
- Education Services Grant	0.400	0.400		
- Housing and Council Tax Subsidy Admin Grant	1.026	1.079		
- Better Care Fund	24.583	25.603		
- New Homes Bonus	0.677	1.153		
- Independent Living Fund	1.035	1.067		
- Extended Rights to Free Travel	0.109	0.148		
- Local Reform and Community Voices Grant	0.165	0.170		
- SFA s31 grant business rates cap, SBRR, Retail Relief	6.675	11.850		
- Adult Social Care and Children's one off funding	7.050	7.050		
- Council Tax Hardship Grant (Covid one off grant)	1.978	-		
- Additional funding for Social Care (Covid one off)	1.927	1.927		
- Covid Grant (one off)	8.017	-		
- Lower Tier Support Grant	0.392	0.413		
- Income Support Scheme April to June Grant (Covid one off)	1.446	-		
- Equalisation and Social care		3.197		
- Services Grant		3.979		
- Market Sustainability and Fair Cost of Care Fund		0.775		
- Holiday Activities and Food Programme grant		1.357		
Total Specific Grants	75.236	79.924	4.688	6.23%
REVENUE SUPPORT GRANT, BUSINESS RATES & SPECIFIC GRANTS	149.254	150.049	0.795	0.53%
<u>COUNCIL TAX</u>				
Council Tax Requirement	107.597	111.587		
Prior Year Collection Fund Surplus / (Deficit)	(0.479)	(2.082)		
Total Council Tax	107.119	109.505	2.386	2.23%
Total Resources	256.373	259.554	3.181	1.24%

Overall Summary by Directorate - Revenue Budget 2022/23

SERVICE ACTIVITY	Controllable 2021/22 Base Budget	Budget Changes			Controllable 2022/23 Base Budget
	£m	Inflation £m	Pressures £m	Savings £m	£m
Directorates:					
People Services	165.146	3.491	11.809	(6.320)	174.126
Communities and Place	45.416	1.243	(1.255)	(2.596)	42.808
Corporate Resources	35.972	0.914	2.414	(2.886)	36.414
Corporate	11.806	-	1.371	(1.669)	11.508
Total Directorate Budgets	258.340	5.648	14.339	(13.471)	264.856
Transfer to/(from) reserves:					
To/(from) corporate reserves	(1.967)				(5.302)
NET BUDGET REQUIREMENT	256.373				259.554
Funded By:					
Retained Business Rates	(46.157)				(42.454)
Business Rates Top Up Grant	(16.552)				(16.552)
Core Government Grants	(13.868)				(22.712)
Collection fund (surplus)/deficit	1.967				4.158
Income raised from Council Tax	(107.597)				(111.587)
Other Specific Grants	(74.166)				(70.407)
TOTAL RESOURCES	(256.373)				(259.554)

Overall Summary by Directorate - Revenue Budget 2023/24

SERVICE ACTIVITY	Controllable 2022/23 Base Budget	Budget Changes			Controllable 2023/24 Base Budget
	£m	Inflation £m	Pressures £m	Savings £m	£m
Directorates:					
People Services	174.126	2.739	4.360	(0.648)	180.577
Communities and Place	42.808	0.974	(0.033)	(1.240)	42.509
Corporate Resources	36.414	0.631	0.845	(0.855)	37.035
Corporate	11.508	-	1.772	0.250	13.530
Total Directorate Budgets	264.856	4.344	6.944	(2.493)	273.651
Transfer to/(from) reserves:					
To/(from) corporate reserves	(5.302)				3.969
NET BUDGET REQUIREMENT	259.554				277.620
Funded By:					
Retained Business Rates	(42.454)				(48.258)
Business Rates Top Up Grant	(16.552)				(17.566)
Core Government Grants	(22.712)				(22.552)
Collection fund (surplus)/deficit	4.158				1.552
Income raised from Council Tax	(111.587)				(116.573)
Other Specific Grants	(70.407)				(64.554)
TOTAL RESOURCES	(259.554)				(267.951)
BUDGET GAP	-				9.669

Overall Summary by Directorate - Revenue Budget 2024/25

SERVICE ACTIVITY	Controllable 2023/24 Base Budget £m	Budget Changes			Controllable 2024/25 Base Budget £m
		Inflation £m	Pressures £m	Savings £m	
Directorates:					
People Services	180.577	2.795	4.550	-	187.922
Communities and Place	42.509	0.996	0.446	(0.560)	43.391
Corporate Resources	37.035	0.644	(0.016)	(0.455)	37.208
Corporate	13.530	-	2.174	-	15.704
Total Directorate Budgets	273.651	4.435	7.154	(1.015)	284.225
Transfer to/(from) reserves:					
To/(from) corporate reserves	3.969				3.639
NET BUDGET REQUIREMENT	277.620				287.864
Funded By:					
Retained Business Rates	(48.258)				(48.258)
Business Rates Top Up Grant	(17.566)				(17.566)
Core Government Grants	(22.552)				(21.560)
Collection fund (surplus)/deficit	1.552				-
Income raised from Council Tax	(116.573)				(121.361)
Other Specific Grants	(64.554)				(65.153)
TOTAL RESOURCES	(267.951)				(273.898)
BUDGET GAP	9.838				13.966

WORKING SMARTER SAVINGS

Programme	Directorate	Service	Savings	Saving £m				FTE Reduction 2022/23		
				22/23 £m	23/24 £m	24/25 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/CR
Existing Savings formally signed off by Full Council Meeting on 24th February 2021:										
Property management savings	Corporate Resources	Property Services	Identification and sale of small pieces of land to generate a revenue saving (Removal of Saving).	0.060			0.060			
Property management savings	Corporate Resources	Property Services	Existing Saving Slipped - Planned closure of Queens Leisure Centre upon opening of the new swimming facility now not expected in 21/22, resulting in existing saving slipping to 22/23.	(0.225)			(0.225)			
Postage Savings	Corporate Resources	Business Support	Document Management Centre (DMC) Reduction In Postage Costs.	(0.075)			(0.075)			
Income Generation	Corporate Resources	Property Services	Increase in Identification and sale of small pieces of land to generate an ongoing revenue saving. This is one off over two years and therefore 2023/2024 has an associated pressure for the removal of the saving.	(0.020)	0.040		0.020			
Income Generation	Corporate Resources	Business Support	Document Management Centre (DMC) Additional Income Generation.	(0.010)	(0.010)		(0.020)			
Service Optimisation	Corporate Resources	Financial Services	Use of External Funding to fund accountancy support and releasing core revenue funding (Removal of Saving).	0.041			0.041			
Service Optimisation	Corporate Resources	Financial Services	Accounts Payable forensic Project - Accounts payable fiscal forensic project to identify and recover of duplicate payments (Removal of Saving).	0.100			0.100			
Service Optimisation	Corporate Resources	Digital Services	Emerging vacancy - Senior IT Officer - Review of IT project delivery capacity required (Removal of Saving).	0.040			0.040			
Service Optimisation	Corporate Resources	Digital Services	Emerging vacancy - IG Officer - Impact to Information Governance and Information Security compliance capacity to be reviewed (Removal of Saving).	0.027			0.027			
Treasury Management Savings	Corporate	Corporate	Treasury Management Review based on capital requirement (caveat treasury management/capital budgets will continue to be reviewed in line with the capital programme).	(0.750)			(0.750)			
Working Smarter	Corporate	All Directorates	Part of Digital Placeholder Saving - Reduction to Photocopying and Travel Expenditure Budgets - new ways of working (Part removal of Saving) A pressure is included in the pressures table for this unachievable saving.	0.060			0.060			
Total Existing Savings:				(0.752)	0.030	-	(0.722)	-	-	-
Working Smarter Proposed Savings:										
Demand Management / Commissioning	Peoples - Children's	Children's	To establish a new Derby specific external Children's residential placement block contract, which provides an opportunity to make savings. Supported external accommodation placement savings also proposed.	(0.400)			(0.400)			
Demand Management / Commissioning	Peoples - Children's	Children's	Increasing the inhouse Fostering capacity reduces the need to use more expensive external agency placements.	(0.350)	0.072		(0.278)			
Commercialisation	Communities & Place	Traffic and Transportation	Re-negotiation of Parksafes Bold Lane contract.	(0.158)			(0.158)			
Commercialisation	Communities & Place	Public Protection & Streetpride	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 up with other corporate agendas such as debt recovery and contract management.	(0.800)	(0.250)	(0.250)	(1.300)			

Programme	Directorate	Service	Savings	Saving £m				FTE Reduction 2022/23		
				22/23 £m	23/24 £m	24/25 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/CR
Commercialisation	Communities & Place	Bereavement Services	Robust modelling of bereavement services and indicative proposals around the future projections of an improved crematorium provision have enabled realistic targets to be set.	(0.300)	(0.200)	(0.200)	(0.700)	1.00	1.00	
Invest to Save	Communities & Place	Parking Services	Digital Parking Enforcement activity increased by investing in digital solutions .	(0.340)			(0.340)			
Commercialisation	Corporate Resources	Communications	Additional external advertising income.	(0.170)	(0.030)		(0.200)			
Commercialisation	Corporate Resources	Property Services	Connect Buildings Rental income increased	(0.015)	(0.025)	(0.100)	(0.140)			
Commercialisation	Corporate Resources	Property Services	Health and safety income increased through traded activity		(0.020)	0.020	-			
Commercialisation	Corporate Resources	Property Services	Additional income generated in Property Projects and Technical Services through extra external fee income.	(0.550)	0.350		(0.200)			
Contract Management	Corporate Resources	All Directorates	Contract Savings by reviewing contracts and improving contract management across the Council	(0.650)	(0.250)		(0.900)			
Digital	Corporate Resources	Digital Services	Leveraging Digital Automation Technology to provide services to citizens fully online, and actively push digital take up, while retaining sufficient face to face and telephone assistance channels to ensure no citizen is excluded from services	(0.100)	(0.100)		(0.200)			
Intelligence Led Council	Corporate Resources	All Directorates	Permanent saving through new ways of working in customer service and locality/neighbourhood working. Opportunities have been identified through the pilot project 'single view of the vulnerable customer'	(0.284)	(0.190)		(0.474)			
Intelligence Led Council	Corporate Resources	All Directorates	Data Infrastructure - Reduction in demands & reconfiguration of intelligence resource.		(0.125)	(0.375)	(0.500)			
Property Rationalisation	Corporate Resources	Property Services	Property Rationalisation associated revenue savings.	(0.125)			(0.125)			
Service Review	Corporate Resources	Digital Services	Review of the management structure of Revenues and Benefits Services, Customer Transactions, Back Office Processing, and Professional Policy	(0.100)	(0.045)		(0.145)	2.00		2.00
Service Reviews	Corporate Resources	All Directorates	Centralising professional IT activity that has evolved within Service Directorates and rationalising by circa 25% while maintaining appropriate levels of support in line with Corporate priorities.		(0.100)		(0.100)			
Service Reviews	Corporate Resources	Digital Services & CM	Deletion of vacancies in the areas of Desktop Support, PC Building, and Small Project Support, and replacing with mandatory self-service for Password Reset, Laptop Deployment, and Self Help.	(0.091)			(0.091)	2.60	2.60	
Service Reviews	Corporate Resources	Digital Services & CM	Release of various roles through VR applications, facilitated by automation, user self-service, and absorbing residual support work into wider support teams with amended service offers.	(0.114)			(0.114)	2.60		2.60
Service Reviews	Corporate Resources	Financial Services	Delete 2.8 posts vacant posts from accountancy.	(0.105)			(0.105)	2.80	2.80	
Service Reviews	Corporate Resources	Property Services	Review of service provision.	(0.040)	(0.060)		(0.100)			
Service Reviews	Corporate Resources	Property Services	Deletion of a post facilitated by voluntary redundancy.	(0.050)	(0.100)		(0.150)	1.00		1.00
Service Reviews	Corporate Resources	Property Services	Delete 1 posts estates professional services.	(0.050)			(0.050)	1.00	1.00	

Programme	Directorate	Service	Savings	Saving £m				FTE Reduction 2022/23		
				22/23 £m	23/24 £m	24/25 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/CR
Service Reviews	Corporate Resources	Property Services	1 Facilities Management post deleted and cleaning hours reduction.	(0.070)			(0.070)	2.35	2.35	
Commercialisation	Corporate	Property Services	Scape dividend increase for one year.	(0.250)	0.250		-			
Service Reviews	Corporate	All Directorates	A review of the senior management structure of the Council.	(0.500)			(0.500)	TBC		
Service Reviews	Corporate	All Directorates	Additional voluntary redundancies that are not linked to specific saving proposals. These relate to the additional savings arising from a voluntary request which has been supported by the service.	(0.229)			(0.229)	6.73		6.73
Total Working Smarter Proposed Savings:				(5.841)	(0.823)	(0.905)	(7.569)	22.08	9.75	12.33
TOTAL WORKING SMARTER SAVINGS:				(6.593)	(0.793)	(0.905)	(8.291)	22.08	9.75	12.33

RESILIENT SAVINGS

Programme	Directorate	Service	Savings	Saving £m				FTE Reduction 2022/23		
				22/23 £m	23/24 £m	24/25 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/CR
Existing Savings formally signed off by Full Council Meeting on 24th February 2021:										
Service Efficiencies	Peoples - Children's	Children's	A remodelling of Child Placement Service through Social Impact Bonds - A reduction in the costs of placements for looked after children as their care packages are stepped down from high cost residential packages to supported foster care.	(0.364)			(0.364)			
Service Efficiencies	Peoples - Children's	Children's	Foster Care - Recruitment of foster carers. Savings deliverable from an increased rate of recruitment and a reduction in the use of agency fostering placements.	(0.200)			(0.200)			
Service Efficiencies	Peoples - Children's	Children's	Edge of care services and reconfiguration of the 'front door' - Reconfiguration of the access and referrals into Children's Social Care.	(0.200)			(0.200)			
Service Review	Communities & Place	Leisure, Culture & Tourism	Queens Leisure Closure - Following the opening of the new swimming pool, there is an expectation that Queens Leisure Centre would be closed.	(0.200)			(0.200)			
Total Existing Savings:				(0.964)	-	-	(0.964)	-	-	-
Resilient Proposed Savings:										
Service Reviews	Peoples	All	Removal of vacant posts and non-essential surplus budgets from across the Peoples service Directorate.	(0.403)			(0.403)	3.50	3.50	
Service Reviews	Peoples	All	Cost savings in the adults and children training and development functions which will result in deletion of some roles.	(0.070)			(0.070)	1.11		1.11
Commercialisation	Peoples - Adults	Adults	Maximising income across adult social care especially 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 debits.	(0.750)	(0.250)		(1.000)			
Commercialisation	Peoples - Adults	Adults	Review of HRA contributions for contributions towards Local area coordination work.	(0.150)			(0.150)			
Service Offer	Peoples - Adults	Adults	Undertake social work reviews across Community teams, Mental health teams and Learning Disability teams based on care and support needs of individuals eligible for support under the Care Act. Annual reviews of individuals care and support arrangements are a statutory requirement of the Care Act 2014.	(0.920)			(0.920)			
Service Reviews	Peoples - Adults	Adults	Review of strategic commissioning structure across all peoples services, deleting half of a Head of Service post ahead of transformation and integration in 2022/23 and efficiencies across the Better Care funded functions.	(0.135)			(0.135)	0.50	0.50	
Commercialisation	Peoples - Children's	Children's	Building on the work children's social care have been doing with Derby Homes where DH will pick up the strategic lead for all homelessness and temporary accommodation matters rather than the disparate way social workers source temporary accommodation. Savings would be generated by only using providers who accept Housing Benefits.	(0.020)			(0.020)			
Service Offer	Peoples - Children's	Children's	Review Home to School Transport contract efficiencies and opportunities for block contracts and strategic partnering. and independent travel training.	(0.370)	(0.470)		(0.840)			

Programme	Directorate	Service	Savings	Saving £m				FTE Reduction 2022/23		
				22/23 £m	23/24 £m	24/25 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/CR
Service Offer	Peoples - Children's	Children's	Reconfiguration of Early Help services in the areas of NEET/ Youth Work and the reconfiguration of the use of buildings.	(0.738)			(0.738)	17.40	1.80	15.60
Service Reviews	Peoples - Children's	Children's	Building on the demand management work in 2021/22 through continuation of challenge and review in children's social care. Preventing children, particularly teenagers from coming into care, by undertaking a review of early help to expand our Staying Together Team and target a specific reduction of LAC in foster placements through our exit from care team.	(0.800)			(0.800)			
Service Reviews	Peoples - Children's	Children's	Review of HRA contributions for contributions towards care leavers personal assistants.	(0.150)			(0.150)			
Maximise income	Peoples - Children's	Children's	Additional Funding for Supporting Families to fund corresponding pressure included	(0.300)			(0.300)			
Service Reviews	Communities & Place	Cross Service	Where services overlap service reviews have been initiated looking at the best use of vacant post in the first instance and wider reviews where alignments are obvious. Any service reviews will be carried out with Change Derby and HR support.	(0.100)			(0.100)	2.00	1.00	1.00
Service Reviews	Communities & Place	Cross Service	Removal of non-essential surplus budget in the Communities and Place Directorate.	(0.150)			(0.150)			
Service Reviews	Communities & Place	Leisure	The focus will be within the leisure and business development service area where income generation and efficiencies will be reviewed in key areas. The main approach will include improving the catering offer to generate growth, improved customer experiences and service delivery. Economies of scale will be explored by streamlining purchase and supply agreements.	(0.088)			(0.088)			
Total Resilient Proposed Savings:				(5.144)	(0.720)	-	(5.864)	24.51	6.80	17.71
TOTAL RESILIENT SAVINGS:				(6.108)	(0.720)	-	(6.828)	24.51	6.80	17.71

VIBRANT AND GROWTH SAVINGS

Programme	Directorate	Service	Vibrant and Growth Savings	Saving £m				FTE Reduction 2022/23		
				22/23 £m	23/24 £m	24/25 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/CR
Vibrant and Growth Proposed Savings:										
Housing	Communities & Place	Housing	In relation to the Strategic Housing service, an approach to identify potential revenue budget savings include a review of the current structure and resources to maintain front line support in the most efficient way and continued work with Derby Homes to maximise the opportunity for partnership .	(0.264)			(0.264)	3.66	1.66	2.00
Partnerships / sponsorships	Communities & Place	Leisure, Culture & Tourism	Event opportunities will be developed to generate new enquiries, explore potential coproduction and incorporate outside catering offers where appropriate.	(0.010)	(0.010)		(0.020)			
Service Review	Communities & Place	Economic Growth	For the Economic Growth service, savings proposals focus on international and inward investment activities, and reduced consultancy spend.	(0.086)	(0.130)	(0.010)	(0.226)	2.00	1.00	1.00
Service Review	Communities & Place	Cross Service	Consideration of greater alignment of regeneration related activities across Planning, Property and Regeneration/Major Projects, especially in relation to the city centre, are also to be considered, but unlikely to generate savings in the immediate term.		(0.100)		(0.100)			
Service review	Corporate Resources	Land Charges	Review of Land Charges Service post completion of migration of Local Land Charges Register to HM Land Register, currently forecast for April 2023.		(0.050)		(0.050)			
TOTAL VIBRANT AND GROWTH SAVINGS:				(0.360)	(0.290)	(0.010)	(0.660)	5.66	2.66	3.00

GREEN SAVINGS

Programme	Directorate	Service	Green Savings	Saving £m				FTE Reduction 2022/23		
				22/23 £m	23/24 £m	24/25 £m	Total £m	Total number of FTE reduction	Vacant Posts	VR/CR
Green Proposed Savings:										
Service Review	Communities & Place	Cross Service	Redesign Staff resource / Climate/ Waste / Property Services			(0.100)	(0.100)			
Service Review	Communities & Place	Cross Service	Where services overlap service reviews have been initiated looking at the best use of vacant post in the first instance and wider reviews where alignments are obvious. Any service reviews will be carried out with Change Derby and HR support.		(0.500)		(0.500)			
Service Review	Communities & Place	Fleet	Review of Fleet management.	(0.050)			(0.050)			
Service Review	Communities & Place	Waste	Waste Strategy - waste diversion from education programme and waste and resources national strategy direction.		(0.050)		(0.050)			
Staff T&C	Communities & Place	All Directorates	Reduce grey mileage / rationalise approach to ‘ hire car ‘ booking.	(0.050)			(0.050)			
Maximise income / service review	Corporate Resources	All directorates	Council House rental income - additional income generated by letting parts of the Council House to partner organisations	(0.210)	(0.140)		(0.350)			
Staff T&C	Corporate Resources	All directorates	Reducing budgets for Travel and Subsistence across all services necessitating managers to maximise the use of remote meeting technology where face to face meeting is not essential.	(0.100)			(0.100)			
Total Green Proposed Savings:				(0.410)	(0.690)	(0.100)	(1.200)	-	-	-

TOTAL PORTFOLIO SAVINGS:	(13.471)	(2.493)	(1.015)	(16.979)	52.25	19.21	33.04
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WORKING SMARTER PRESSURES

Programme	Directorate	Service	Working Smarter Pressures	Pressures			
				22/23 £m	23/24 £m	24/25 £m	Total £m
Existing Pressures formally signed off by Full Council Meeting on 24th February 2021:							
Better Together	Corporate Resources	Benefits & Exchequer	Single Discretionary Allowance Budget (Removal of one off pressure).	(0.500)			(0.500)
Better Together	Corporate Resources	Income Management	PCI compliance software requirement (Removal of one off pressure).	(0.050)			(0.050)
Working Smarter	Corporate Resources	Policy, Insight & Communications	Local Government non-structural reform (Removal of temporary pressure).	(0.050)			(0.050)
Working Smarter	Corporate	Corporate	Treasury Management Base budget pressure to reflect capital programme requirement updated pressure for future years.	0.655	3.070		3.725
Working Smarter	Corporate	Corporate	Prudential Borrowing - Treasury Management flexibility to fund emerging priorities.	1.000			1.000
Working Smarter	Corporate	All Directorates	Annual Leave Saving - one off reduction in uptake due to Covid (Removal of one off pressure).	(0.050)			(0.050)
Total Existing Pressures:				1.005	3.070	-	4.075
Working Smarter Proposed Pressures:							
Better Together	Corporate Resources	Coroners	Coroners pressure due to review of partner sharing costs	0.430			0.430
Better Together	Corporate Resources	Democratic	Members Allowances.	0.149			0.149
Better Together	Corporate Resources	Democratic	Jubilee One off budget	0.075	(0.075)		-
Better Together	Corporate Resources	Human Resources	HR Saving not unachievable saving of £0.124m. Saving is for a review and potential redesign of the absence management process - delayed for a further year. This is now proposed for 2023/2024.	0.124	(0.124)		-
Better Together	Corporate Resources	Property	Property rationalisation Unachievable Saving.	0.100	(0.100)		-
Better Together	Corporate Resources	Property	Derby City Council's contribution towards the Derbyshire One Public Estate Program.	0.020			0.020
Better Together	Corporate Resources	Property	Property Grey Fleet Unachievable Saving.	0.070			0.070
Working Smarter	Corporate Resources	IT	Renewal of Microsoft Desktop Licenses required for operation of all Council Services. Increased cost reflects nationally negotiated agreement, enabling the replacement of end of life telephony, intelligence facilities, and enhancement of essential cyber and information security measures.	0.366	0.106	0.124	0.596
Working Smarter	Corporate Resources	IT	Implementation of essential advanced Cyber Defence measures to protect the Council, Citizens and Partnership.		0.450		0.450
Working Smarter	Corporate Resources	IT	Increased skills and contract resources to support and manage advances in cyber security requirements, emerging threats and counter-measures.		0.130		0.130
Working Smarter	Corporate Resources	IT	New license and support contract costs for the new Financial Management System, replacing the end of life system, and providing advances in automated processing.	0.100			0.100
Working Smarter	Corporate Resources	IT	Implementing updated telephony and call centre into the MS Teams platform. Essential due to end of life of existing technology.		0.318		0.318
Working Smarter	Corporate Resources	IT	Unavoidable costs associated with "dual running" of legacy telephony systems and new solution during 6 month transition period.		0.140	(0.140)	0.000
Working Smarter	Corporate Resources	Legal	Legal Team - Increase internal capacity to reduce the cost of outsourcing children's safeguarding legal cases	0.223			0.223
Working Smarter	Corporate	All Directorates	Unachievable Saving Travel and Printing (cross directorate).	0.060			0.060
Working Smarter	Corporate	All Directorates	National Insurance Levy Pressures.	0.780			0.780
Working Smarter	Corporate	Treasury Management	Treasury Management Review based on capital requirement (caveat treasury management/capital budgets will continue to be reviewed in line with the capital programme).	0.556	(0.148)	2.174	2.582
Total Working Smarter Proposed Pressures:				3.053	0.697	2.158	5.908
TOTAL WORKING SMARTER PRESSURES:				4.058	3.767	2.158	9.983

RESILIENT PRESSURES

Programme	Directorate	Service	Resilient Pressures	Pressures			
				22/23 £m	23/24 £m	24/25 £m	Total £m
Existing Pressures formally signed off by Full Council Meeting on 24th February 2021:							
Joined up care	Peoples - Adults	Adults	Demographic social care pressures.	0.900	0.900		1.800
Joined up care	Peoples - Adults	Adults	National Living Wage pressures.	0.500	0.500		1.000
Stronger Families	Peoples - Children's	Children's	DSG - Central Services Schools Block pressure - a reduction to this pressure is included in new pressures.	0.500	0.500		1.000
Stronger Families	Peoples - Children's	Children's	Looked after Children demographic pressure.	0.125			0.125
Stronger Families	Peoples - Children's	Children's	Children's Placements/Residential Homes Project Officer - one off funding (Removal of Pressure).	(0.035)			(0.035)
Stronger Families	Peoples - Children's	Children's	Financial Support to Families during School Holidays - To implement a support package to the 31 st December 2021 to ensure access to food support for children at risk of food poverty (Removal of one off pressure).	(0.573)			(0.573)
Health	Communities & Place	Leisure and Culture	Moorways Swimming Pool Pre-opening costs (Removal of pressure).	(0.800)			(0.800)
Health	Communities & Place	Leisure and Culture	Queens Leisure Centre Income Pressure removal		(0.210)		(0.210)
Better Together	Corporate	All Directorates	Covid Scarring - Additional loss of income - place holder (Removal of one off pressure).	(1.150)	(1.150)		(2.300)
Better Together	Corporate	All Directorates	Emerging Covid Pressures Fund (Removal of one of pressure).	(0.480)			(0.480)
Total Existing Pressures:				(1.013)	0.540	-	(0.473)
Resilient Proposed Pressures:							
Social Care	Peoples	Social Care	Demographic Social Care Pressures and NLW.	0.900		0.950	1.850
Social Care	Peoples	Social Care	Demand Pressures.		3.000	3.000	6.000
Joined up care	Peoples - Adults	Adults	Allocation of the 2021/22 Better care fund inflation funding across ASC priority outcome areas.	0.512	(0.040)		0.472
Joined up care	Peoples - Adults	Adults	Market Sustainability and Fair Cost of Care Fund Pressure	0.775			0.775
Health & Equalities	Peoples - PH	Public Health	Increase Livewell Service		0.400	0.600	1.000
Stronger Families	Peoples - Children's	Children's	DSG - Central Services Schools Block - Existing pressure reduced.	(0.200)	(0.200)		(0.400)
Stronger Families	Peoples - Children's	Children's	Adoption - Pressure on placements budget.	0.500			0.500
Stronger Families	Peoples - Children's	Children's	Agency Residential - Pressure on placements budget.	2.375	(1.200)		1.175
Stronger Families	Peoples - Children's	Children's	Agency Fostering - Pressure on placements budget.	1.000			1.000
Stronger Families	Peoples - Children's	Children's	Fostering Allowances - Pressure on placements budget.	0.600			0.600
Stronger Families	Peoples - Children's	Children's	Kinship - Pressure on placements budget.	0.200			0.200
Stronger Families	Peoples - Children's	Children's	Residence Order & Child Arrangement Orders - Pressure on placements budget.	0.280			0.280
Stronger Families	Peoples - Children's	Children's	Special Guardianship Orders - Pressure on placements budget.	0.550			0.550
Stronger Families	Peoples - Children's	Children's	Home to School Transport - demand pressures.	1.700			1.700
Stronger Families	Peoples - Children's	Children's	Children's Safeguarding Legal Costs	0.400			0.400
Stronger Families	Peoples - Children's	Children's	Revenue budget for staffing & running of new children's residential cluster homes.	0.500	0.500		1.000
Stronger Families	Peoples - Children's	Children's	Supporting Families base budget adjustment (net cost as saving included for additional income)	0.300			0.300
Stronger Families	Corporate Resources	Customer Services	Holiday Activities and Food Programme	1.357			1.357
Total Resilient Proposed Pressures:				11.749	2.460	4.550	18.459
TOTAL RESILIENT PRESSURES:				10.736	3.000	4.550	17.986

VIBRANT AND GROWTH PRESSURES

Programme	Directorate	Service	Vibrant and Growth Pressures	Pressures			
				22/23 £m	23/24 £m	24/25 £m	Total £m
Existing Pressures formally signed off by Full Council Meeting on 24th February 2021:							
Culture	Communities & Place	Leisure and Culture	New Assembly Rooms revenue support operational and property maintenance (Removal of Pressure).	(0.269)			(0.269)
Housing	Communities & Place	Housing	High Rise Buildings assessment (Removal of Pressure).	(0.091)			(0.091)
Total Existing Pressures:				(0.360)	-	-	(0.360)
Vibrant and Growth Proposed Pressures:							
City Centre	Communities & Place	Markets	Market Hall mobilisation expenses.	0.076	0.177		0.253
Total Vibrant & Growth Proposed Pressures:				0.076	0.177	-	0.253
TOTAL VIBRANT AND GROWTH PRESSURES:				(0.284)	0.177	-	(0.107)

GREEN PRESSURES

Programme	Directorate	Service	Green Pressures	Pressures			
				22/23 £m	23/24 £m	24/25 £m	Total £m
Green Proposed Pressures:							
Waste	Communities & Place	Waste	Increased waste tonnages.	0.200			0.200
Waste	Communities & Place	Waste	Increased cost of vehicle hire – centralised budget.	0.075			0.075
Mobility	Communities & Place	Traffic and Transportation	One off Removal of Full Street Car Park Pressures due to delay in closure.	(0.446)		0.446	-
TOTAL GREEN PRESSURES:				(0.171)	-	0.446	0.275
TOTAL PRESSURES:				14.339	6.944	7.154	28.137

Summary of Reserves Movement as at 30th December 2021

Statement of Reserves	2021/22 Opening Balance £m	In Year Movement £m	2021/22 Commitments £m	2021/22 Closing Balance £m	Future Years Commitments £m	Ringfenced £m	Future Years Closing Balance £m
General Fund							
Unallocated General Fund Balance	(8.933)	-	-	(8.933)	(5.278)	-	(14.211)
Balances Held By Schools	(8.868)	(1.578)	5.167	(5.279)	-	5.279	-
Budget Risk Reserve	(18.269)	(0.968)	5.519	(13.718)	4.360	-	(9.358)
TOTAL	(36.070)	(2.546)	10.686	(27.930)	(0.918)	5.279	(23.569)
Revenue Earmarked Reserves							
Covid-19 Reserve	(4.041)	-	4.041	-	-	-	-
Central Schools Budget Reserve	(3.233)	0.600	2.400	(0.233)	-	0.233	-
General Insurance Reserve	(2.656)	-	-	(2.656)	-	-	(2.656)
Trading Services Reserve	(0.155)	0.117	-	(0.038)	0.038	-	-
Year end grants with restrictions	(10.654)	(0.026)	10.173	(0.507)	0.408	0.099	-
DEGF Interest Reserve	(0.483)	(0.104)	0.587	-	-	-	-
Regeneration Fund Reserve	(1.135)	-	0.383	(0.752)	0.752	-	-
Assembly Rooms Reserve	(2.030)	(0.120)	2.150	-	-	-	-
Delivering Change Reserve	(1.073)	-	0.642	(0.431)	0.019	-	(0.412)
Better Care Fund Reserve	-	-	-	-	-	-	-
Business Rate Pilot Reserve	(0.134)	-	0.051	(0.083)	0.083	-	-
Business Rates Smoothing Reserve	(0.759)	-	0.759	-	-	-	-
Collection fund deficit smoothing reserve	(21.444)	-	21.444	-	-	-	-
Treasury Management Reserve	(1.619)	-	(0.925)	(2.544)	2.544	-	-
Public Health Reserve	(1.334)	-	-	(1.334)	-	1.334	-
Adult Social Care Reserve	(1.011)	-	0.755	(0.256)	0.256	-	-
Capital Feasibility Reserve	(0.660)	-	0.211	(0.449)	-	-	(0.449)
Other Service Reserves	(11.717)	(0.667)	5.780	(6.604)	2.854	0.120	(3.630)
PFI Reserves	(30.176)	-	(0.315)	(30.491)	30.491	-	-
Earmarked Reserves to support the capital programme	(1.910)	0.120	0.281	(1.509)	-	1.372	(0.137)
TOTAL	(96.224)	(0.080)	48.417	(47.887)	37.445	3.158	(7.284)
Statement of Reserves	2021/22 Opening Balance £m	In Year Movement £m	2021/22 Commitments £m	2021/22 Closing Balance £m	Future Years Commitments £m	Ringfenced £m	Future Years Closing Balance £m
Housing Revenue Account (Ringfenced)							
Housing Revenue Account (Ringfenced)	(46.151)	-	2.769	(43.382)	-	43.382	-
Major Repairs Reserve	(2.090)	-	-	(2.090)	-	2.090	-
Other Earmarked HRA Reserves	-	-	-	-	-	-	-
TOTAL	(48.241)	-	2.769	(45.472)	-	45.472	-

Section 25 Report of the Strategic Director of Corporate resources (S151 Officer) on the Robustness of Estimates and on the Adequacy of Reserves 2022/23 – 2024/25

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/Recovery Plan. Although the funding position of the Council has improved since the previous MTFP, there remain financial challenges and uncertainty ahead.
- 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 Chief Finance Officer (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 2022/23 – 2024/25 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 Strategic Director of Corporate Resources 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. 2022/23). However, despite future uncertainties arising from Covid 19 and future macro-economic forecasts the Council is proposing a 3-year MTFP. 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 challenging.

4.1.4 The council is seeking cabinet approval on 16th February 2022 to set a balanced budget for 2022/23 with an identified budget gap for 2023/24 of £9.838m and £13.839m for 2024/25.

4.1.5 The Council carried out a detailed consultation exercise from 22nd December 2021 to 28th January 2022 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 2022/23 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 2021/22 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. This however required the Council to implement mid-year two spending review panels to manage spending commitments with the aim to reduce in-year forecast overspends and secondly to reduce the need to build these pressures into the base budget on an ongoing basis going forward. The impact of these panels has already assisted in a reduction in the forecast overspend at Quarter 3.
- 4.1.7 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.
- 4.1.8 Due to the level of savings required in the 2022/23 – 2024/25 MTFP, there will be service reviews. There may be one-off costs required to support the delivery of these changes.
- 4.1.9 **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 Strategic Director of Corporate Resources as Chief Finance Officer to make a positive statement on the robustness of estimates. These include:
- The process undertaken in developing the 2022/23 – 2024/25 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.
- 4.1.10 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.
- 4.1.11 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 21st 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.
- 4.1.12 The Council have also identified a number of potential, future financial risks. 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 2022/23.

- 4.1.13 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 Corporate Leadership Team and Cabinet Members. The accuracy of these estimates is a vital part of ensuring that the budget is robust.
- 4.1.14 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.
- 4.1.15 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.
- 4.1.16 To mitigate the increased risk of holding a minimum level of corporate contingency, the Council holds an increased level within the budget risk reserve. The Council has planned a transfer to the reserve of £2m in 2023/24 and £1m in 2024/25 subject to cabinet approval on 9th February 2022. 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.
- 4.1.17 An allocation of funding has been included into the 22/23-24/25 current MTFP to increase the General Fund Reserve to 5% of the net budget requirement by 2024/25, 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%.
- 4.1.18 **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.

- 4.1.19 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.
- 4.1.20 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. Demand led services, Major Projects, an environment of ever-changing legislative requirements, combined with delays in Government Funding reviews all threaten 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.
- 4.1.21 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.
- 4.1.22 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.
- 4.1.23 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. However, the recent MTFS report that was approved by Cabinet on 8th December 2021 recommended that the General Fund balance should target maintaining reserves at a level equal to 5% of the total net budget requirement by 2024/25. 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 2022 is £8.933m; this is equivalent to 3.44% of the 2022/23 net budget requirement and is therefore within the recommended target range.

- 4.1.24 Each individual Council-controlled school in Derby also has its own financial reserve, collectively known as 'School Balances'. Schools 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 31 March 2022 is £5.279m.
- 4.1.25 The Council also holds a number of earmarked reserves to fund specific projects, or to manage risks or uncertainty in specific areas.
- 4.1.26 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 2021/22 forecast reserves balance (excluding HRA ring-fenced balances, the general fund reserve and school balances) as at 30th December 2021 is £61.605m of which £44.963m is committed in future years, resulting in a future years forecast balance of £16.642m, as shown in Appendix 6 in the MTFP report.

5.1 **Dedicated Schools Grant**

Current regulations stipulate that a deficit on the DSG must be carried forward to be funded from future DSG income. The Council is forecasting a DSG Deficit position for 2022/23 due to pressures on the High Needs (SEN) placements. However, the DfE has not brought forward a plan to bring levels of funding for High Needs provision up to sustainable levels. Irrespective of this, it is imperative that the council continues to develop and implement its reforms for High Needs to bring expenditure more in line with grant allocations. The regulations which require the negative balance on the High Needs DSG Reserve to be held in an unusable reserve come to an end on 1 April 2023. If a solution is not found or extension of the regulations is not granted the balance on the reserve will transfer back to the Council's total Earmarked Reserves. If this happens, it materially impacts on the overall level of reserves and 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. However, the risk associated with this is considered low and the expectations are that an extension of the regulations will be granted. Therefore, the position does not currently impact on decisions over the medium term.

BUDGET RISK RESERVE RISK ASSESSMENT 2022/23 – 2024/25

Risk Description	Controls in Place	Proposed Management Actions	Calculation	Estimated Risk Value (mid-point)
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.	£248,998
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.	5% - 10% variation in other pressures	£948,825
Variation in Assumptions - Achievability of Savings	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.	Directorates are required to find alternative savings proposals or take alternative mitigating actions. Any undelivered savings, and supporting explanations, would be reported to Members.	5% - 15% variation in savings	£1,305,000
Funding Risk – Variations from assumptions	Technical assessment via expert external advisors and work with the Special Interest Group of Municipal Authorities (SIGOMA).	Regular reviews through settlement working group, LGA and SIGOMA etc.	0.5% to 1.5% variation in funding from specific grants	£830,470
Total MTFP risks with assumed 2 year time delay to reach permanent solution				£6,666,586

Risk Description	Controls in Place	Proposed Management Actions	Calculation	Estimated Risk Value (mid-point)
Estimated slippage of specific savings targets (3 months delay on 75% of savings targets)				£2,446,875
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 addressed in year, as they arise. The number and financial impact of such occurrences has been rising each year.	Nominal Allocation	£1,000,000
Redundancy Funding	There is a risk of a temporary shortfall in the Council's redundancy funding to cover staff exits.	Anticipated redundancy cost calculations are based on the best available information, including data from the previous redundancy programmes. The funding calculations include a small element of flexibility to allow for changes in the actual costs incurred against budgeted values.	Nominal Allocation	£250,000
Minimum level of Budget Risk Reserve required				£10,363,461
Projected Budget Risk Reserve as at 31 March 2022*				£13,717,552

* Future years budget risk reserve commitments are forecast at £4.360m.

GENERAL FUND RESERVES RISK ASSESSMENT

Area of Risk	Risk Description	Controls in Place	Calculation	Estimated Risk Value (£m)
Treasury Management (Deposits)	Risk of an institution where the Council has deposits going bankrupt	Only financially sound institutions with high financial standing are included within the Council's approved lending list. Maximum lending limits are applied. A series of management controls are in place to ensure lending limits are not breached. The Treasury Management team also carries out regular reviews of approved institutions, in conjunction with the Council's advisors, Arlingclose Ltd.	10% of £7m maximum deposit in any one institution	£700,000
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

Area of Risk	Risk Description	Controls in Place	Calculation	Estimated Risk Value (£m)
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 met, including emergency payments and additional staffing costs	Detailed emergency plans in place and subject to regular review.	Nominal Allocation	£250,000 to £1,000,000
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	£187,526 to £375,053
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 £280.525m allocation for DSG	£2,805,250

Area of Risk	Risk Description	Controls in Place	Calculation	Estimated Risk Value (£m)
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 2020/21 debt figures (based on value from 2020/21 Draft Statement of Accounts)	£1,431,100
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
Recommended General Reserve Target Range				£7,273,876 to £10,361,403
Projected General Fund Balance as at 31 March 2022:				£8,933,000

**The forecast 2024/25 General Fund reserves balance is £14.211m.*

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 5.0% of the total net revenue budget by 2024/25 and thereafter [The February 2021 Budget report had the General Reserve at 3.49%, in line with current policy of reserves between 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. As such the maximum level of General Reserves will be set at 10.0% of the total net revenue budget.

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.



Budget 2022/2023 – 2024/25 and Council Plan Consultation Results

Introduction

On Wednesday 22 December 2021, we launched a consultation on our Medium-Term Financial Plan (MTFP) and our draft Council Plan 2022-2025. The consultation was open for five weeks, closing on Friday 28 January 2022. It was conducted through an online survey with paper copies, different versions and translations all available on request. People were also given the opportunity to write in with any other comments they had. In total **108** people gave their view through the online survey.

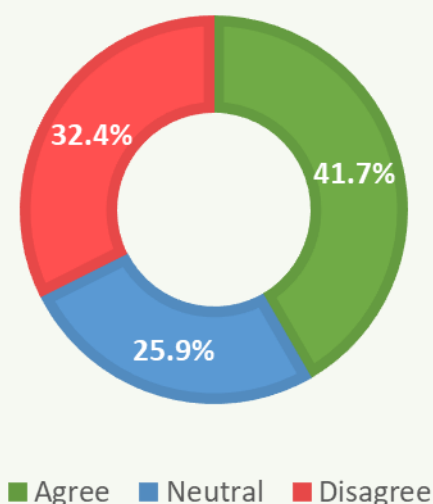
A note on the data in this report: Data from the 'closed' option questions is presented in the report as a % score. The data in the text of the report is rounded up or down to the nearest whole percentage point. Charts or tables therefore may result on occasions adding up to 99% or 101%. If a table or chart does not match exactly to the text in the report this occurs due to the rounding up or down when responses are combined. Results that differ in this way should not have a variance that is any larger than 1%.

When reading the data, please note that there is a base number against all charts and tables; this is the valid number of responses for that question and the figure used to calculate the percentages shown.

Feedback on our budget

The consultation document set out the approach that was taken when planning and balancing our budget. 42% of those responding reported that they agreed with this approach, and just under a third (32.4%) disagreed. Comment analysis in Chart 3 shows the varying comments on the budget.

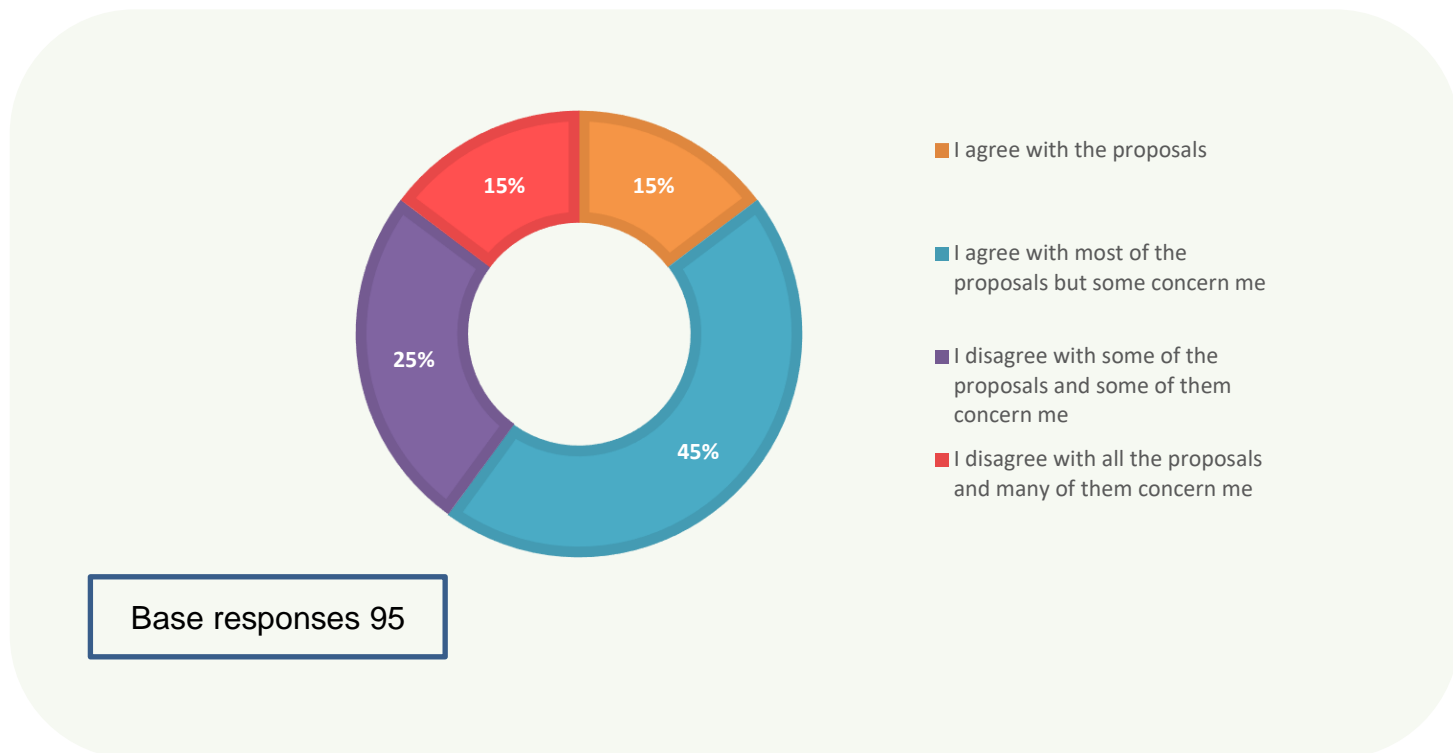
Chart 1: Level of agreement with budget approach



Base responses 108

When asked their view on the actual content of the MTFP proposals and whether they broadly agreed with them or not, the response was overall favourable. Over half of those responding (60%) stated that they agreed with all or most of the proposals (Chart 2). A quarter of respondents, however, disagreed with some or many and said some of the proposals concerned them. 15% felt that they disagreed with all the budget proposals included in the plan.

Chart 2: To what extent do you agree with the proposals set out in the medium-term financial plan?



Comments on the Budget Proposals

Respondents made varied comments on the budget, with many not fitting into specific themes. The most common areas of feedback received related to:

- Proposed reductions in staffing with comments on the pressure that this might result in for those left, the voluntary redundancy (VR) process, and a need to look at the structures
- Comments on the complicated MTFP document and needing more detail on proposals
- Looking at smarter ways of working
- Disagreement in the proposed Council Tax increase.

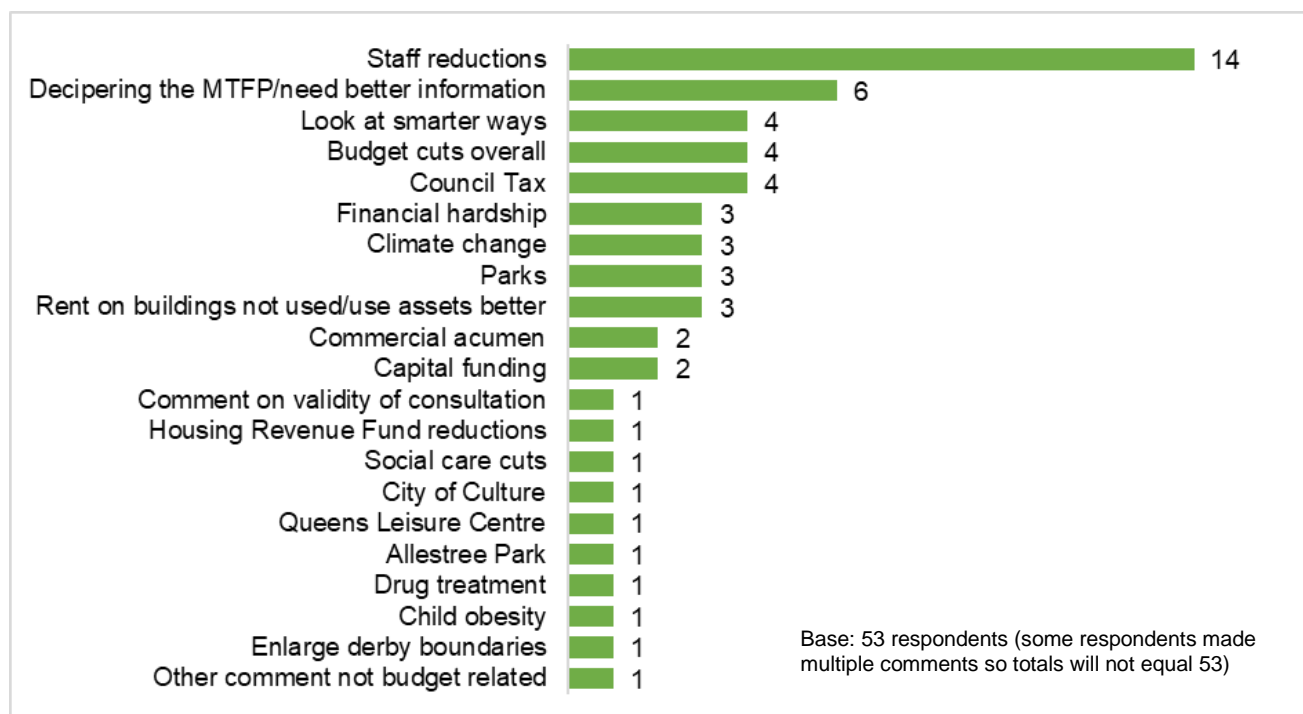
Although I understand that savings need to be made, budget cuts and reducing posts puts pressure on already overstretched services.

I couldn't decipher the documentation well enough to work out exactly where savings would fall.

This has move to a place where we are smaller in size but bigger in our ability to enable and influence.

The comments made on the proposals have been coded into themes for the purpose of the analysis.

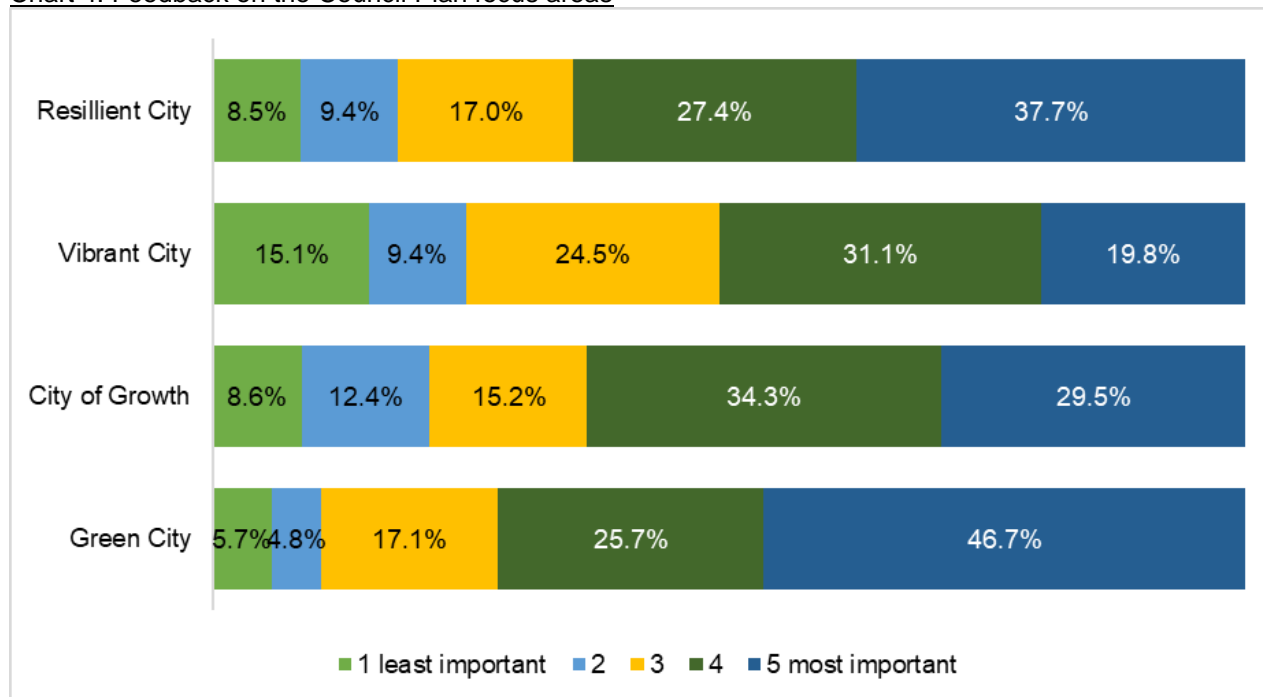
Chart 3: Common themes emerging from budget feedback



Feedback on our Council Plan

Respondents were asked to rate the importance of the draft Council Plan priority themes, from 1 to 5. Green City was seen as the most important area, with 72.5% rating this as important: scoring it either a 4 or 5 (5 – 46.7% and 4 – 25.7%). Vibrant City was rated as the least important priority theme within the plan, with 50.9% rating this as either a 4 or 5 (5 – 19.8% and 4 – 31.1%).

Chart 4: Feedback on the Council Plan focus areas



Base: 108 respondents

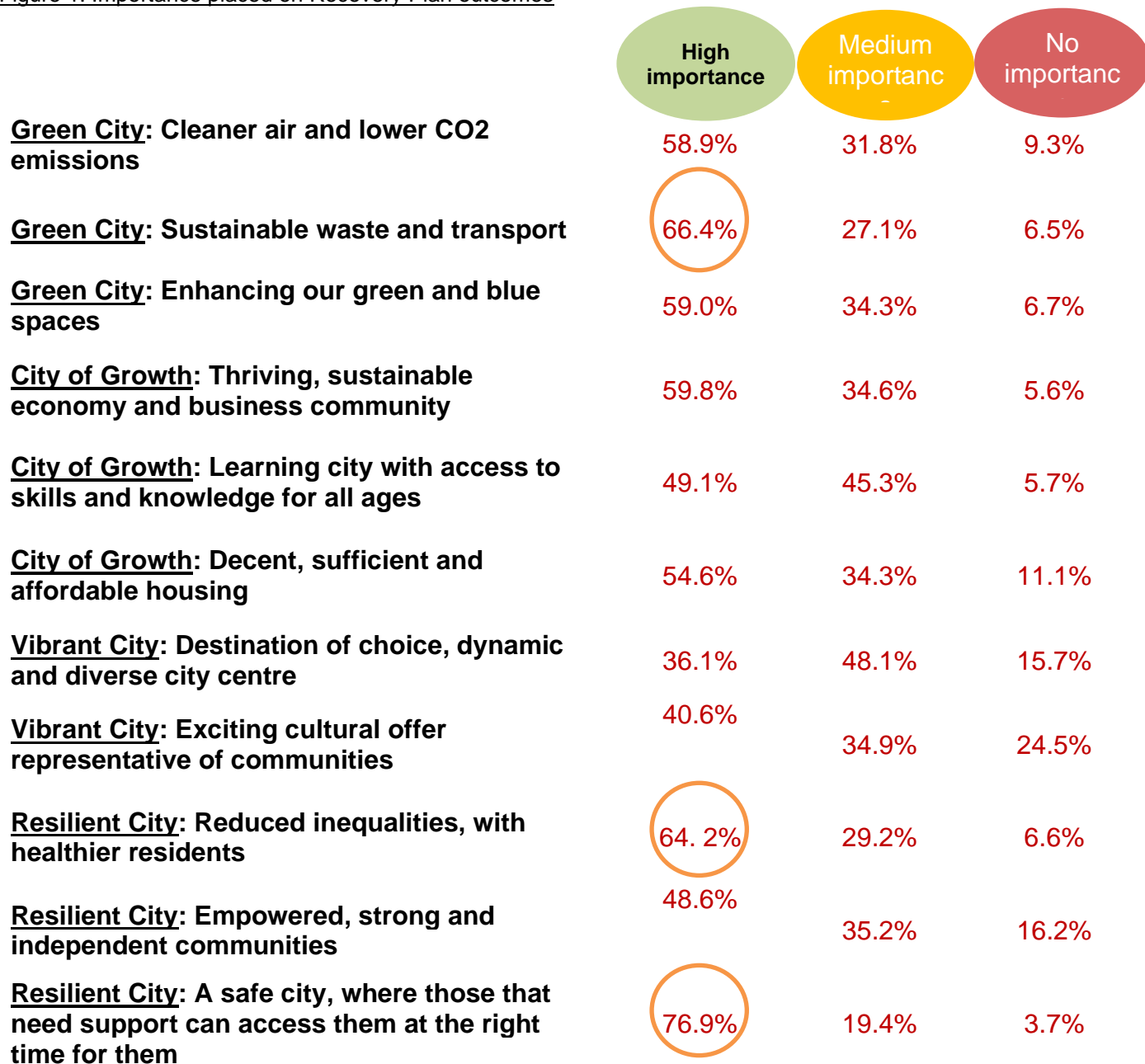
Each of the five priority themes within the draft Plan are underpinned by a small number of key outcomes, which the actions for delivery (our must do's) will aim to support improvements or developments against. Respondents were asked to rate these as either high importance, medium importance or of no importance.

Overall, the outcomes that respondents prioritised highest were those relating to Resilient City, with 76.9% of respondents assessing the outcome, 'Safe city, where those that need support can access them at the right time for them' as having the most importance; alongside 'reduced inequalities, with healthier residents' rated as high importance by 64.2% of respondents.

Under the priority theme Green City, 'sustainable waste and transport' was rated with a high importance by 66.4% of respondents.

In contrast to this, for the priority theme a Vibrant City, just over a third of those responding felt that 'destination of choice, dynamic and diverse city centre' was an important outcome to focus on (36.1%), however 48.1% felt it was of medium importance.

Figure 1: Importance placed on Recovery Plan outcomes



Comments on the Council Plan

Consultees were also given the opportunity to give feedback or suggestions on the draft Council Plan 2022-2025. 48 people responded, some commenting on multiple parts of the consultation. Comments and suggestions have been themed. 18 of the comments made were around the budget proposals, with 4 comments around other concerns.

The most common comments received related to the 'green agenda' reflected within the 'Green City' priority theme and supporting outcomes. 11 comments mentioned how key this is to the city and how parks are crucial to keeping the city healthy and green. 7 comments asked for more context around the cost of the priorities with more details on how they would be achieved.

Figure 2: Council Plan comments and suggestions (themes)

	Theme	No. of responses
Comments on Council Plan	Green agenda/green space is key	11
	Timescales/costs/more details of the plan	7
	Resilient City linked to poverty	3
	How have a Vibrant City with COVID and lack of offer	2
	Be more Ambitious	1
	Partner Contributions to the Council Plan	
Budget Comments	Staff reductions	4
	Make most efficient use of our buildings and spaces	4
	Council Tax	2
	Local Community better working/spending	2
	Do not close Queens	2
	Do not rewild Allestree Park	2
	Social Services funding needed	1
	Stop the cycle schemes work	1
Other comments	Discuss a skatepark	1
	Issues with yellow lines	1
	Normanton Park improvements	1
	Do not build new eyesores	1

Base: 48 respondents

Feedback from Voices in Action and Children in Care Council

On Wednesday 5 January 2022, members of the Voices in Action and Children in Care Council met to discuss areas of the Medium-Term Financial Plan (MTFP) which they felt were key to them.

Young people were asked to think about which services are most important. They then undertook a discussion on their concerns. Figure 3 shows the top 5 as voted by the young people. Appendix B contains full details of the comments.

Figure 3. Top 5 important services – Voices in Action and Children in Care Council

Order of most important	Service Proposals	No.
1	Homelessness and Temporary Accommodation	42
2	Expand Stay Together Team	37
3	More Local Foster Homes for Children	34
4	More Foster Care and Less Private Homes	25
5	Review of Early Help Services	13

Young people were then asked why they think these services are most important. The key themes were:

- Being homeless can have a big impact on mental health and general wellbeing and it could be failing children in care if they end up homeless.
- It can be hard for young people to relocate so it is important to provide more local foster care.
- Early intervention could help take the pressure of other services further down the line such as foster care.
- Important for families to stay together as much as they can
- Every child needs at least one home to go to
- Moving around is difficult, affects mental health being away from where they live

Appendix A: Data Tables

Table 1: Having read the consultation document, to what extent do you agree or disagree with the approach that we have taken?

	No.	%
Strongly agree	7	6.5%
Agree	38	35.2%
Neither agree nor disagree	28	25.9%
Disagree	25	23.1%
Strongly disagree	10	9.3%
Total	108	100.0%

Table 2: To what extent do you agree with the proposals set out in the medium-term financial plan?

	No.	%
I agree with the proposals	14	15%
I agree with most of the proposals but some concern me	43	45%
I disagree with some of the proposals and some of them concern me	24	25%
I disagree with all the proposals and many of them concern me	14	15%
Total	95	100%

Table 3: Importance of Green City

	No.	%
1 least important	6	5.7%
2	5	4.8%
3	18	17.1%
4	27	25.7%
5 most important	49	46.7%
	105	100%

Table 4: Importance of City of Growth

	No.	%
1 least important	9	8.6%
2	13	12%
3	16	15%
4	36	34%
5 most important	31	29.5%
Total	105	100.0

Table 5: Importance of Vibrant City

	No.	%
1 least important	16	15.1%
2	10	9%
3	26	25%
4	33	31%
5 most important	21	19.8%
Total	106	100%

Table 6: Importance of Resilient City?

	No.	%
1 least important	9	8.5%
2	10	9%
3	18	17%
4	29	27%
5 most important	40	37.7%
Total	106	100%

Table 7: How important is 'Cleaner air and lower CO2 emissions'?

	No.	%
High importance	63	59%
Medium importance	34	32%
Low or no importance	10	9%
Total	107	100%

Table 8: How important is 'Sustainable waste and transport'?

	No.	%
High importance	71	66%
Medium importance	29	27%
Low or no importance	7	7%
Total	107	100%

Table 9: How important is 'Enhancing our green and blue spaces'?

	No.	%
High importance	62	59%
Medium importance	36	34%
Low or no importance	7	7%
Total	105	100.0%

Table 10: How important is ‘Thriving, sustainable economy and business community’?

	No.	%
High importance	52	49%
Medium importance	48	45%
Low or no importance	6	6%
Total	106	100%

Table 11: How important is ‘Decent, sufficient and affordable housing’?

	No.	%
High importance	59	55%
Medium importance	37	34%
Low or no importance	12	11%
Total	108	100%

Table 12: How important is ‘Destination of choice, dynamic and diverse city centre’?

	No.	%
High importance	39	36%
Medium importance	52	48%
Low or no importance	17	16%
Total	108	100%

Table 13: How important is ‘Exciting cultural offer representative of communities’?

	No.	%
High importance	43	41%
Medium importance	37	35%
Low or no importance	26	25%
Total	106	100%

Table 14: How important is ‘Reduced inequalities, with healthier residents’?

	No.	%
High importance	68	64%
Medium importance	31	29%
Low or no importance	7	7%
Total	106	100%

Table 15: How important is ‘Empowered, strong and independent communities’?

	No.	%
High importance	51	49%
Medium importance	37	35%
Low or no importance	17	16%
Total	105	100%

Table 16: How important is ‘A safe city, where those that need support can access them at the right time for them’?

	No.	%
High importance	83	77%
Medium importance	21	19%
Low or no importance	4	4%
Total	108	100%

Table 17: Gender

	No.	%
woman/ girl	51	47%
man/boy	48	44%
non-binary	1	1%
Prefer not to say	9	8%
Total	109	100%

Table 18: Age

	No.	%
30 and under	9	10%
31-45	32	36%
46-65	40	44%
over 65	9	10%
Total	90	100.0

Table 19: Do you identify as a gender other than what you were assigned at birth?

	No.	%
Yes	17	16%
No	76	70%
Prefer not to say	15	14%
Total	108	100%

Table 20: To which group do you consider you belong?

	No.	%
Asian or Asian British - Pakistani	1	1%
Any other Asian background	1	1%
Black or Black British - African	2	2%
Black or Black British - Caribbean	2	2%
Any other Dual Heritage background	1	1%
White - English / Welsh / Scottish / Northern Irish / British	87	85%
White - Irish	3	3%
Any other White background	4	4%
Total	102	100.0

Table 21: Do you consider yourself to be a disabled person?

	No.	%
Yes	15	15%
No	84	85%
Total	99	100%

Table 22: I consider myself to be...

	No.	%
heterosexual/straight	78	73%
Bisexual	2	2%
a gay man	4	4%
a gay woman/lesbian	3	3%
Other	2	2%
Prefer not to say	18	17%
Total	107	100%

Table 23: Do you have any religious beliefs?

	No.	%
Yes	21	20%
No	53	50%
Prefer not to say	32	30%
Total	106	100%

Table 24: If yes, to which religion do you belong?

	No.	%
Buddhist	1	2%
Christian	19	46%
Muslim	2	5%
Other	6	15%
Prefer not to say	13	32%
Total	41	100%

Appendix B: Comments from Voices in Action and Children in Care Council

Why are these services important?	
1. Homelessness and Temporary Accommodation	
Money – could see the benefit of working with approved providers and saving money on housing benefits.	Talked about failing young people in care if they become homeless and how this linked to the early help work.
Talked about the stigma of being homeless and work to help raise awareness of it.	Talked about reusing the savings made to help more people.
Better accommodation is needed so it is more financially sustainable, and it would make it easier and better to work together with Derby Homes.	Derby Homes could invest or build more homes to not impact on the amount of social housing available.
Need some kind of temporary accommodation for the homeless.	Being homeless can have a big impact on your general health and wellbeing including mental health.
It is a basic need for everyone to have a roof over your head.	It can prevent people from being involved with the wrong crowds.
2. Expand Stay Together Team	
Taking pressure off services down the line such as foster/residential homes.	It is important to provide services for more families and help more people.
Need to be flexible in approach of working with families and adapt to their needs.	Helps different groups in need such as victims of domestic violence.
Prevention is beneficial as it would help to save money in the future.	It would reduce the number of 10-15 age going into foster care.
3. More Local Foster Homes for Children	
Important to keep foster homes local as it can avoid young people being taken to an unfamiliar place.	Important for Children and Young people to live local to their area and not have to go to a carer/home out of area.
It would be harder for teenagers to move away than younger children.	Important to prevent long distance movement for children and young people.
Need to spend time recruiting local foster carers so young people are less likely to move away.	Local fostering can allow young people to have a fresh start in a new home in a city/area they are familiar with. However, staying could bring up bad memories for some young people.
Having choice of where to live is important.	Foster care helps so many young people at a young age.
4. More Foster Care and Less Private Homes	
More comfortable for young people being with a family.	Important for all children and young people in a home to receive same opportunities.
Being in a foster home rather than a private home would provide a better sense of familiarity by being with a family rather than workers.	Foster care will help young people in care relate to other young people more by being with a family and may have more of a choice to see other people.

5. Review of Early Help Services	
Concern about losing youth workers.	Early intervention help could prevent services down the line such as foster care.
Early help services are necessary as there have been a lot of incidents in the news recently, so it is important to help prevent situations in the family.	Young people who are NEET would be harder to reach if youth workers are reduced which could lead to more long-term problems.
Early Help service can benefit the whole family rather than just the children and could prevent children going into foster care – could have volunteers such as uni students to help with intervention.	Should be a priority on early help services as it is better to prevent foster care entirely due to its possible mental health damage.
Mother and baby placements important to support parents to learn to parent safely.	
Further Questions and Ideas Raised	
How are potential foster carers targeted and how is the foster care service promoted?	Could talk to young people so that when they are older, they know how to become foster carers.
Have an option to put postcode into the council webpage where the fostering information is so they can receive more detailed information.	Work with local schools to promote what it is to be a foster carer and then young people can promote to adults.
How can young people who need help access the service?	How do we know the Early Help work is successful?
Do we work with schools on all of the areas?	Could have a partnership between Derby City and Nottingham to look into research of prevention into foster care.
Focus on the 10–15-year-old age group and research the reasons and causes of going into foster care – could email surrounding universities to carry out research to reduce costs.	Could have support groups for foster carers to discuss their experiences and this could help make the service better.
More support for children's mental health as children in care often have big life changes such as relocation and need extra support.	More advertising on safe spaces for the homeless and temporary accommodation that is available.

Why are these services important?	
1. Expand Stay Together Team	
Important for families to stay together as much as they can	
2. Homelessness and Temporary Accommodation	
Every child needs at least one home to go to	

3. More Local Foster Homes for Children

Important as experienced being moved around and found it difficult.

It can really affect a young person's mental health when they are away from where they have lived.

DERBY CITY COUNCIL**NOTES OF BUDGET CONSULTATION MEETING WITH REPRESENTATIVES OF NON-DOMESTIC RATEPAYERS AND THE BUSINESS COMMUNITY AND PARTNERS****HELD 25 JANUARY 2022****Present:** Representing Derby City Council

Councillor Poulter – Leader of the Council

Simon Riley – Strategic Director of Corporate Resources

Representing Non-Domestic Ratepayers and the Business Community and Partners

The meeting was hosted by Marketing Derby and 38 representatives of the business community, partners and bondholders attended.

1 Introduction

Councillor Poulter (Leader of the Council) and Simon Riley (Strategic Director of Corporate Resources) outlined the budget position.

They explained that Council Cabinet would be meeting on 16 February 2022, to make recommendations to the City Council about setting the budget for the financial years, 2022/23 – 2024/25. This meeting was part of the programme of consultation, which would help to inform the decisions made by the Council Cabinet and its recommendations to Council.

2 Budget Process

The Leader of the Council set out how the Council was working with the city and for the city and was setting an ambitious budget. There would be a step change for Derby to help Derby recover. Examples were given of projects that were either complete or underway including Becketwell, the former DRI site, Smartparc, the Silk Mill and Moorways, all of which would be great assets to the city. There was a Team Derby approach which included the whole of Derby and beyond, into the travel to work areas around the city. The Council was setting priorities under the themes of vibrant city, city of growth, resilient city, green city and smarter city. He explained the areas covered under each of the themes. He also referred to the recent Council decision to move to a 4 year election cycle which would help with planning and budgeting going forward.

Simon Riley explained about the support given to businesses through business rate relief particularly to help SME's over the last 18 months. He outlined the Council's spending plans and explained that the Council contributed £1.1billion to the city. The Council was working with the city and the supply chains to make sure the money was being used in the right places. The key challenge was social care and the numbers of looked after children (LAC), the top ten placements for children accounted for £4.4m. There was a perfect storm of increased pressures and new responsibilities £15.2m pressures but only £11.9m of Government grant funding.

The key questions were how would working with and for the city be different? How could everyone help to deliver the partnership priorities? Do you agree with the outcomes and priorities for the next 3 years? Should it be intervention approach or partnership resilience? Levelling up needed a Team Derby approach.

3 Comments from the Meeting

Comments were invited from those present, both on the budget consultation document which was available before hand and on the information presented at the meeting. The substance of these and the replies given were:

Stephen Salloway asked if anything could be done to try and achieve objectives quicker? For example, why had it taken so long to do anything with the Assembly Rooms?

Councillor Poulter explained that the Council intended to have 3 years of delivery. Funding was an issue but the South Derby Growth Zone funding had helped with delivering the NAMRC project. In respect of the Assembly Rooms, there had been changes in policy and some things had not gone to plan. A plan was needed for the whole Market Place which was currently not fit for purpose. The Assembly Rooms encountered issues such as asbestos and objections which took time to resolve.

Simon Riley explained that there had been lots of options appraisals which had not followed through to a full business case. The city was in a better place now with NAMRC and Smartparc, which indicated that systemic problems were being resolved, resulting in a more positive position which attracted businesses into Derby. The capital programme was circa £300m over the next 3 years which be a positive benefit to the city.

John Forkin referred to a story on BBC East Midlands today relating to the Cathedral Quarter in Derby. In respect of the medium and long term project position, this looked healthy but there was an issue with short term interventions that needed to be kept on track.

Councillor Poulter explained that there was a new round of ARG funding and a business hub had been set up to look at short term measures. For example, areas like St James Street.

Simon Riley explained that it had been demonstrated that limited pots of funding could make a difference. There needed to be confidence amongst all stakeholders rather than the Council adopting a paternalistic position. Partners were working together to create a narrative which was not just responsive. The Council could not meet every need but was investing money to stimulate growth and everyone needed to be involved to help bring initiatives forward.

Councillor Poulter said that private sector investment was growing exponentially

Ruth Hayward was keen to know how to encourage the community and business sector to come together particularly those who were not eligible for the ARG grant.

Councillor Poulter referred to the help given to the Dubeck studios, the Council worked with them to find a place to move to, with grant support and housed by the University who were one of the strongest partners. Other partners included bondholders, BIDS and Community Action Derby who were based at the Shot Tower and supported businesses wherever possible.

Simon Riley explained that he had been at Derby for two and a half years and felt that passion and pride were coming together and the city should be proud of how it worked better together and was now punching above its weight. We actively listen, stimulate and help diversify the city for the future. In 3 – 5 years there would be significant change in how the city ticks.

Councillor Poulter explained that the Council was intent on delivery and that opportunities around local government reorganisation and levelling up might help. He referred to the position with Derby County and how the public and businesses had come together very quickly to save the football club.

4. Conclusion

John Forkin – Marketing Derby thanked the representatives and the businesses and partner representatives for attending the meeting and invited comments and questions to be submitted to the City Council by 16 February 2022.

MINUTES END

Notes of Budget Consultation Meeting Derby City Council

January 2022


Who was there?

Voices in Action Members - 28	Children in Care Council Members - 25	Adele Styles – CYP Participation Officer	Laura Bradley – CiC Participation Officer/ Facilitating
Holly Hardgrave - Facilitating	Emma Lees - Facilitating	Abdul - Facilitating	

Guests:

- Suanne Lim – Director of Early Help Services
- Cllr Evonne Williams – Cabinet Member for Children, Young People and Skills

What we talked about

1.	Budget Consultation – Children's Services										
	<p>The following budget consultations were delivered:</p> <ul style="list-style-type: none"> • Voices in Action Youth Council and Children in Care Council Budget Consultation Museum of Making • Children in Care Council Virtual and Face to Face <p>A presentation was delivered to young people about the different proposals for services within the council regarding Children in Care, Early Help Services and Homelessness/Temporary Accommodation.</p> <div style="text-align: center;">  <p>21.12.30 Budget Consultation FINAL.ppt</p> </div> <p>Young people were asked to think about which services are most important and vote for their top three.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #008080; color: white;"> <th colspan="2">Table 1. The overall results for all consultation sessions were:</th></tr> <tr style="background-color: #d3d3d3;"> <th>Order of most important</th><th>Service Proposals</th></tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td><td>42 chose Homelessness and Temporary Accommodation</td></tr> <tr> <td style="text-align: center;">2</td><td>37 chose Expand Stay Together Team</td></tr> <tr> <td style="text-align: center;">3</td><td>34 chose More Local Foster Homes for Children</td></tr> </tbody> </table>	Table 1. The overall results for all consultation sessions were:		Order of most important	Service Proposals	1	42 chose Homelessness and Temporary Accommodation	2	37 chose Expand Stay Together Team	3	34 chose More Local Foster Homes for Children
Table 1. The overall results for all consultation sessions were:											
Order of most important	Service Proposals										
1	42 chose Homelessness and Temporary Accommodation										
2	37 chose Expand Stay Together Team										
3	34 chose More Local Foster Homes for Children										

4	25 chose More Foster Care and Less Private Homes
5	13 chose Review of Early Help Services

Table 2. The results for the Museum of Making session were:

Order of most important	Service Proposals
1	26 chose Homelessness and Temporary Accommodation
2	19 chose More Local Foster Homes for Children
3	19 chose Expand Stay Together Team
4	15 chose More Foster Care and Less Private Homes
5	10 chose Review of Early Help Services

Young people were then asked why you think these services are most important?

Key themes were:

- Being homeless can have a big impact on mental health and general wellbeing and it could be failing children in care if they end up homeless.
- It can be hard for young people to relocate so it is important to provide more local foster care.
- Early intervention could help take the pressure of other services further down the line such as foster care.

Please see appendix 1 for full details.

Table 3. The results for the CiC Council Virtual and Face to Face session were:

Order of most important	Service Proposals
1	18 young people voted for Expand Stay Together Team.
2	16 young people voted for Homelessness and Temporary Accommodation
3	15 young people voted for More Local Foster Homes for Children.
4	10 young people voted for More Foster Care and Less Private Homes.
5	3 young people voted for Review of Early Help Services.

	<div>*Please note some young people only voted for their top two.</div> <p>Young people were then asked why you think these services are most important?</p> <p>Key themes were:</p> <ul style="list-style-type: none"> • Important for families to stay together as much as they can • Every child needs at least one home to go to • Moving around is difficult, affects mental health being away from where they live <p>Please see appendix 2 for full details.</p>
Action	
5.	AOB
	<p>Adele to email minutes to Finance and Consultation Team</p> <p>For the consultation results to be included in the wider budget consultation findings</p>

Appendix 1

Why are these services important?	
6. Homelessness and Temporary Accommodation	
Money – could see the benefit of working with approved providers and saving money on housing benefits.	Talked about failing young people in care if they become homeless and how this linked to the early help work.
Talked about the stigma of being homeless and work to help raise awareness of it.	Talked about reusing the savings made to help more people.
Better accommodation is needed so it is more financially sustainable, and it would make it easier and better to work together with Derby Homes.	Derby Homes could invest or build more homes to not impact on the amount of social housing available.
Need some kind of temporary accommodation for the homeless.	Being homeless can have a big impact on your general health and wellbeing including mental health.
It is a basic need for everyone to have a roof over your head.	It can prevent people from being involved with the wrong crowds.
7. Expand Stay Together Team	
Taking pressure off services down the line such as foster/residential homes.	It is important to provide services for more families and help more people.
Need to be flexible in approach of working with families and adapt to their needs.	Helps different groups in need such as victims of domestic violence.
Prevention is beneficial as it would help to save money in the future.	It would reduce the number of 10-15 age going into foster care.
8. More Local Foster Homes for Children	
Important to keep foster homes local as it can avoid young people being taken to an unfamiliar place.	Important for Children and Young people to live local to their area and not have to go to a carer/home out of area.
It would be harder for teenagers to move away than younger children.	Important to prevent long distance movement for children and young people.
Need to spend time recruiting local foster carers so young people are less likely to move away.	Local fostering can allow young people to have a fresh start in a new home in a city/area they are familiar with. However, staying could bring up bad memories for some young people.
Having choice of where to live is important.	Foster care helps so many young people at a young age.
9. More Foster Care and Less Private Homes	
More comfortable for young people being with a family.	Important for all children and young people in a home to receive same opportunities.
Being in a foster home rather than a private home would provide a better sense of familiarity by being with a family rather than workers.	Foster care will help young people in care relate to other young people more by being with a family and may have more of a choice to see other people.

10. Review of Early Help Services	
Concern about losing youth workers.	Early intervention help could prevent services down the line such as foster care.
Early help services are necessary as there have been a lot of incidents in the news recently, so it is important to help prevent situations in the family.	Young people who are NEET would be harder to reach if youth workers are reduced which could lead to more long-term problems.
Early Help service can benefit the whole family rather than just the children and could prevent children going into foster care – could have volunteers such as uni students to help with intervention.	Should be a priority on early help services as it is better to prevent foster care entirely due to its possible mental health damage.
Mother and baby placements important to support parents to learn to parent safely.	
Further Questions and Ideas Raised	
How are potential foster carers targeted and how is the foster care service promoted?	Could talk to young people so that when they are older, they know how to become foster carers.
Have an option to put postcode into the council webpage where the fostering information is so they can receive more detailed information.	Work with local schools to promote what it is to be a foster carer and then young people can promote to adults.
How can young people who need help access the service?	How do we know the Early Help work is successful?
Do we work with schools on all of the areas?	Could have a partnership between Derby City and Nottingham to look into research of prevention into foster care.
Focus on the 10–15-year-old age group and research the reasons and causes of going into foster care – could email surrounding universities to carry out research to reduce costs.	Could have support groups for foster carers to discuss their experiences and this could help make the service better.
More support for children's mental health as children in care often have big life changes such as relocation and need extra support.	More advertising on safe spaces for the homeless and temporary accommodation that is available.

Appendix 2

Why are these services important?	
4. Expand Stay Together Team	
Important for families to stay together as much as they can	
5. Homelessness and Temporary Accommodation	
Every child needs at least one home to go to	
6. More Local Foster Homes for Children	
Important as experienced being moved around and found it difficult.	It can really affect a young person's mental health when they are away from where they have lived.

Time Commenced – 5.01pm
Time Finished – 7.10pm

Executive Scrutiny Board

17 January 2022

Present: Councillor Repton (Chair)
Councillors Care, Carr, Dhindsa, Grimadell, M Holmes, Martin, Prosser

In attendance: Councillors S Khan and Nawaz
Heather Greenan - Director of Policy, Insight & Communications
Steven Mason – Democratic Services Officer
Rachel North – Strategic Director of Communities and Place
Alison Parkin – Director of Financial Services
Simon Riley – Strategic Director of Corporate Resources
Andy Smith – Strategic Director of People Services

64/21 Apologies for Absence

Apologies were received from Councillors Pattison and Pegg.

65/21 Late Items

There were none.

66/21 Declarations of Interest

There were none.

67/21 Council Plan and Budget Proposals 2022/23 and 2024/25

The Board received a report of the Strategic Director of Corporate Resources on Council Plan and Budget Proposals 2022/23 and 2024/25.

As part of the budget consultation process, the Board considered the report and the Council Plan 2022 – 2025 and the Medium Term Financial Plan 2022-23 to 2024-25 attached at Appendix 1 and 2 respectively.

The Director of Policy, Insight & Communications reported on how the Council Plan was refreshed, consulted on, and prepared.

The Director of Financial Services reported on the financial context that the budget was set in, including inflation, demand pressures and Government funding. Members noted the budget approach linked to partnership themes.

The Strategic Director of Communities and Place reported on the Green City priority and the associated key outcomes, pressures, and savings.

The Strategic Director of Communities and Place reported on the Vibrant City priority and the associated key outcomes, pressures, and savings.

The Strategic Director of Communities and Place reported on the City of Growth priority and the associated key outcomes, pressures, and savings.

Members questioned officers on the rewilding of Allestree Park, the Assembly Rooms, Raynesway Recycling Centre, the Sinfen waste treatment plant, renewable energy and electric car use, the Queen's Leisure Centre, and the importance of linking the growth agenda to carbon neutrality.

The Strategic Director of People Services reported on the Resilient City priority and the associated key outcomes, pressures, and savings.

Members questioned officers on NEET, early help, integrated care, working in partnership to streamline processes, the numbers of children in care, and demand management and the use of signposting.

The Strategic Director of Corporate Services reported on Working Smarter and the associated key partnership outcomes, pressures, and savings.

The Strategic Director of Corporate Services also reported on the reserves forecast, the capital programme and ambition.

Members questioned officer on the predicted inflation rate, Council Tax increases, the pay award, savings to be made, external advertising, social impact bonds, independent home to school travel, grey fleet mileage, energy projects, and budget risk reserve.

The Board debated, voted on and agreed a number of recommendations. Councillor Grimadell wished it to be recorded that he had abstained from voting.

The Executive Scrutiny Board resolved:

- 1. to recommend to Council Cabinet that it includes in its budget commitment, to provide a centrally located pool if the Queen's Leisure Centre and pool closes, together with the necessary budget provision for this;**
- 2. to recommend to Council Cabinet that it provides greater clarity, the necessary budget and plan to resolve the problem of the decaying Assembly Rooms sites future use;**
- 3. to recommend to Council Cabinet that when the Executive Scrutiny Board and Council makes a recommendation or passes a motion, that it acts on these rather than ignoring them;**
- 4. to agree that the Council's youth work and NEET support service play a vital role in helping some of the city's most deprived and disaffected young people. Whilst work with the Youth Alliance is welcome, the level of need means the Council should be aiming to develop its own youth support service, not cut it, which will prove a budget saving on statutory services in the long-run. The Executive Scrutiny Board therefore recommends that the proposed £303k cut to Youth and NEET support is rejected at Council Cabinet;**

5. to agree that it supports efforts by Children's Services to reduce the number of children in care and to create more in-house care options for them. Nevertheless, the Executive Scrutiny Board notes that the pattern in recent years has been an overspend in children's services and increasing numbers of children in care. In order to set a realistic budget, the Executive Scrutiny Board recommends that Council Cabinet urgently revisits the budget allocation to children's services with a view to providing adequate contingency funds for children in care given the underlying trend of increasing numbers in care and unpredictable demand;
6. to recommend to Council Cabinet that it continues to work to reduce 'silo thinking' between the Plan themes as well as between Council departments and partners;
7. to recommend to Council Cabinet that it is reassured that there is no double-counting of commercial incomes across different budget lines; and
8. to note that this Council Plan may be the first formal policy document stating a Derby Zero Carbon target date of 2035. There are also clear indications that energy prices are likely to rise dramatically in the next year and onwards. In the light of this, the Executive Scrutiny Board is disappointed that there is minimal investment proposed to replace gas heating or to improve energy efficiency in our buildings, apart from within the HRA. The Executive Scrutiny Board encourages Council Cabinet to review this area and bring back proposals in this area to Council.

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
Expenditure				
Schools	13.091	18.075	2.970	34.137
Housing General Fund	7.582	4.296	3.426	15.304
Property	10.051	5.676	6.149	21.876
Flood Defence	0.250	0.250	0.250	0.750
Highways & Transport	60.379	5.650	5.494	71.523
Vehicles Plant & Equipment	1.988	0.708	0.400	3.096
Regeneration	45.472	34.381	19.801	99.654
ICT	2.955	3.144	1.590	7.689
Corporate	20.500	25.500	15.000	61.000
Total	162.269	97.680	55.080	315.029

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)	15.462	14.606	8.218	38.287
Devolved SCE C Direct to Schools	0.200	0.120	0.120	0.440
Government Grants	77.938	5.888	2.816	86.642
External contributions	4.194	3.732	2.750	10.675
Section 106	3.279	1.092	-	4.371
Total External Funding	101.073	25.439	13.904	140.415
Funding Requirement	61.196	72.242	41.176	174.614
Funded By				
Capital Receipts	8.419	4.238	2.120	14.777
Revenue Funding	-	-	0.250	0.250
Reserves	0.250	0.750	-	1.000
Serviced Financed Borrowing	7.710	0.721	0.400	8.831
Potential Borrowing	44.816	66.533	38.406	149.755
Total Internal Resources	61.196	72.242	41.176	174.614
Total Funding	162.269	97.680	55.080	315.029

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

Programme Area	2022/23 Revised £m	2023/24 Revised £m	2024/25 Original £m	Total £m
Expenditure	34.660	34.750	29.521	98.931
Funding Source				
Capital Receipts	4.227	5.615	4.222	14.064
MRA	30.433	29.135	25.299	84.867
Total Funding	34.660	34.750	29.521	98.931

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

Summary Capital Expenditure Programme 2022/23 - 2024/25 By Priorities

Priorities	2022/23 Revised £m	2023/24 Revised £m	2024/25 Original £m	Total £m
Expenditure				
Enablers	10.432	8.820	7.739	26.991
Green	74.586	8.458	6.384	89.428
Growth	95.247	87.454	48.061	230.763
Resilient	2.714	2.500	2.616	7.830
Vibrant	13.949	25.198	19.801	58.949
Total	196.929	132.430	84.601	413.960

Enablers Programme 2022/23 -2024/25

Strategy Area	Outcome	Area of Outcome	Title	Funding Source	Revised 2022/23 £m	Revised 2023/24 £m	Original 2024/25 £m	Total £m
Property	Enablers	Working Smarter	Planned Maintenance	UBC	-	1.524	1.692	3.216
Property	Enablers	Working Smarter	Guildhall - Roof Covering	UBC	0.200	-	-	0.200
Property	Enablers	Working Smarter	MEND	UBC	1.250	-	-	1.250
Property	Enablers	Working Smarter	Project Development - Property Improvements	UBC	0.200	-	-	0.200
Property	Enablers	Working Smarter	GEN - Capitalised Salaries - Valuer	SCE C	0.037	0.037	0.037	0.111
Property	Enablers	Working Smarter	Various sites boundary improvements	UBC	-	0.470	0.520	0.990
Property	Enablers	Working Smarter	Various sites fire precaution	UBC	-	0.290	0.320	0.610
Property	Enablers	Working Smarter	Darley Playing Fields	UBC	0.250	0.275	0.300	0.825
Property	Enablers	Working Smarter	Preliminary Design- Structural and Buildings at risk	UBC	0.200	0.220	0.240	0.660
Property	Enablers	Working Smarter	Various Electrical Rewiring	UBC	-	0.460	0.500	0.960
Property	Enablers	Working Smarter	HOP - Reconfiguration, Redevelopment, Relocation, Remodelling	UBC	0.500	0.700	0.770	1.970
Property	Enablers	Working Smarter	Council House - Detailed Survey	UBC	0.960	0.220	0.240	1.420
Property	Enablers	Working Smarter	Littleover Community School - Bungalow	UBC	0.100	-	-	0.100
Property	Enablers	Working Smarter	Energy Projects	UBC	-	0.250	0.300	0.550
Property	Enablers	Working Smarter	Disabled Access	UBC	-	0.100	-	0.100
Property	Enablers	Working Smarter	Kedleston Road - Heating System	UBC	0.900	0.400	0.440	1.740
Property	Enablers	Working Smarter	Various Boiler Replacement	UBC	-	0.680	0.740	1.420
Property	Enablers	Working Smarter	Various Lighting Protection	UBC	0.150	0.050	0.050	0.250
Property	Enablers	Working Smarter	2 Stanley Road - Window Replacement	UBC	0.100	-	-	0.100
Property	Enablers	Working Smarter	Whitaker T2 - Window Replacement	UBC	0.110	-	-	0.110
Property	Enablers	Working Smarter	Spondon Village Hall - Window Replacement	UBC	0.040	-	-	0.040
Property	Enablers	Working Smarter	Sinfin Children's Centre - Installation of Rain Canopy	UBC	0.020	-	-	0.020
Property	Enablers	Working Smarter	Chaddesden Library - Fall Arrest System Installation	UBC	0.015	-	-	0.015
Property	Enablers	Working Smarter	Abbey Yard and Stables - External courtyard improvement	UBC	0.070	-	-	0.070
Property	Enablers	Working Smarter	Darley Park rangers Centre - Roof Replacement	UBC	0.300	-	-	0.300
Property	Enablers	Working Smarter	Kings Chambers - Fire safety Improvements	UBC	0.130	-	-	0.130
Property	Enablers	Working Smarter	Rykneld Recreation Ground - Roof Replacement	UBC	0.075	-	-	0.075
Property	Enablers	Working Smarter	Marble Hall - Fence Upgrade	UBC	0.040	-	-	0.040
Property	Enablers	Working Smarter	Southgate Education Centre - Structural Improvements	UBC	0.070	-	-	0.070
Property	Enablers	Working Smarter	Demolition works at various sites	UBC	0.220	-	-	0.220
Property	Enablers	Working Smarter	Pickford House Museum	UBC	0.090	-	-	0.090
Property	Enablers	Working Smarter	HOP Reconfiguration - Perth & Arboretum House Improvements	UBC	0.350	-	-	0.350
Property	Enablers	Working Smarter	Rosehill Children Centre - fire risk assessment works	UBC	0.030	-	-	0.030
Property	Enablers	Working Smarter	Moorways Stadium - Improvements to the running track and Stadium	UBC	0.340	-	-	0.340
Property	Enablers	Working Smarter	DEDA BMS & AHU Replacement	UBC	0.135	-	-	0.135
Property	Enablers	Working Smarter	Multicultural Education Centre - Heating System Improvements	UBC	0.260	-	-	0.260

Strategy Area	Outcome	Area of Outcome	Title	Funding Source	Revised 2022/23 £m	Revised 2023/24 £m	Original 2024/25 £m	Total £m
Property	Enablers	Working Smarter	Ashtree House - Window Replacement	UBC	0.145	-	-	0.145
Property	Enablers	Working Smarter	Springwood Leisure Centre - Heating System Improvements	UBC	0.190	-	-	0.190
ICT	Enablers	Working Smarter	Major IT Hardware Developments	CR/GG	0.520	2.379	1.295	4.194
ICT	Enablers	Working Smarter	Major IT Systems Developments	CR	1.600	-	-	1.600
ICT	Enablers	Working Smarter	Advance Cyber Defence of the Council	CR	0.250	0.250	-	0.500
ICT	Enablers	Working Smarter	Digital Services Build Capability	CR	0.195	0.195	0.195	0.585
ICT	Enablers	Working Smarter	Line of Business Applications Development & Compliancy	CR	0.100	0.100	0.100	0.300
ICT	Enablers	Working Smarter	Council House Network Security Compliance Refresh	CR	0.100	0.100	-	0.200
ICT	Enablers	Working Smarter	Unified Telephony (Teams, Office, and Call Centre) - Implementation	CR	0.090	0.090	-	0.180
ICT	Enablers	Working Smarter	Unified Telephony (Teams, Office, and Call Centre) - Devices	CR	-	0.030	-	0.030
ICT	Enablers	Working Smarter	Phase 2 - Collaborative Enablement of Meeting Facilities and Virtual Face to Face citizen channel	CR	0.100	-	-	0.100
	Total Enablers				10.432	8.820	7.739	26.991

Green Programme 2022/23 -2024/25

Strategy Area	Outcome	Area of Outcome	Title	Funding Source	Revised 2022/23 £m	Revised 2023/24 £m	Original 2024/25 £m	Total £m
Flood Defence	Green	Climate & Energy	Local flood alleviation scheme	UBC	0.250	0.250	0.250	0.750
Housing General Fund	Green	Climate & Energy	Home Energy Improvements	EC	0.526	0.400	0.240	1.166
Highways & Transport	Green	Climate & Energy	Street Lighting LED Replacement	UBCSF	0.190	-	-	0.190
Highways & Transport	Green	Climate & Energy	Air Quality Improvement project	GG	0.063	-	-	0.063
Highways & Transport	Green	Climate & Energy	Highways Trees	CR	0.156	0.156	-	0.312
Regeneration	Green	Climate & Energy	DE-Carbonise	GG	0.197	-	-	0.197
Regeneration	Green	Climate & Energy	Carbon Reduction Fund	SCE C	1.450	1.450	-	2.900
Regeneration	Green	Climate & Energy	Our City Our River	UBC	0.395	-	-	0.395
Regeneration	Green	Climate & Energy	Our City Our River - Package 1	UBC	0.752	-	-	0.752
Regeneration	Green	Climate & Energy	Our City Our River - Package 2	SCE C/UBC	1.469	-	-	1.469
Regeneration	Green	Climate & Energy	Our City Our River - Munio	GG	7.180	-	-	7.180
Highways & Transport	Green	Mobility	Integrated Transport Programme - smaller scheme	SCE C	1.000	1.000	1.000	3.000
Highways & Transport	Green	Mobility	Asset Management - Highways Maintenance	SCE C/UBC	3.034	3.509	3.509	10.052
Highways & Transport	Green	Mobility	Asset Management - Structures Maintenance	SCE C	0.610	0.610	0.610	1.830
Highways & Transport	Green	Mobility	Asset Management - ITS Network Management Maintenance	SCE C/GG	0.850	0.375	0.375	1.600
Highways & Transport	Green	Mobility	TCF Tranche 2 - Interchangeable Hubs	GG	7.669	-	-	7.669
Highways & Transport	Green	Mobility	TCF Tranche 2 - Public Realm	GG	5.872	-	-	5.872
Highways & Transport	Green	Mobility	TCF Tranche 2 - Cycle Expressway	GG	3.018	-	-	3.018

Strategy Area	Outcome	Area of Outcome	Title	Funding Source	Revised 2022/23 £m	Revised 2023/24 £m	Original 2024/25 £m	Total £m
Highways & Transport	Green	Mobility	TCF Tranche 2 - Bus Priority	GG	1.810	-	-	1.810
Highways & Transport	Green	Mobility	TCF Tranche 2 - Park & Ride	GG	6.627	-	-	6.627
Highways & Transport	Green	Mobility	TCF Tranche 2 - Bus & Rapid Transit Links	GG	22.124	-	-	22.124
Highways & Transport	Green	Mobility	TCF Tranche 2 - LCWIP	GG	7.356	-	-	7.356
Vehicles Plant and Equipment	Green	Mobility	Grounds Plant & Equipment	UBSF	0.400	0.400	0.400	1.200
Vehicles Plant and Equipment	Green	Mobility	Street Cleaning Equipment	UBSF	0.638	0.308	0.000	0.946
Vehicles Plant and Equipment	Green	Waste	Refuse Vehicles & Plant	UBSF	0.950	-	-	0.950
	Total Green				74.586	8.458	6.384	89.428

Growth Programme 2022/23 - 2024/25

Strategy Area	Outcome	Area of Outcome	Title	Funding Source	Revised 2022/23 £m	Revised 2023/24 £m	Original 2024/25 £m	Total £m
Housing General Fund	Growth	City Centre	New Housing Homelessness Service Centre	GG/UBC	0.180	0.670	-	0.850
Schools	Growth	Education & Skills	Devolved Formula Cap	SCE C DFC	0.200	0.120	0.120	0.440
Schools	Growth	Education & Skills	Adaptions for Foster Carers	SCE C	0.065	0.075	-	0.140
Schools	Growth	Education & Skills	School Condition work & place planning requirements funding pot	SCE C SCA	1.200	1.100	2.000	4.300
Schools	Growth	Education & Skills	Capital works delivered by schools	SR	0.250	0.250	0.250	0.750
Schools	Growth	Education & Skills	Brackensdale Infant and Junior – Expansion Design	S106	0.300	-	-	0.300
Schools	Growth	Education & Skills	Fellows Lands Way Primary s106	S106	0.900	-	-	0.900
Schools	Growth	Education & Skills	Chellaston Secondary School - Homeleigh Way Contribution	S106/SCE C BN	1.651	2.000	-	3.651
Schools	Growth	Education & Skills	Ashgate Primary School- Final Phase Refurbishment	SCE C	0.065	-	-	0.065
Schools	Growth	Education & Skills	SEND Provision - Schools	SCE C BN/SCE C SPF	0.834	7.565	-	8.399
Schools	Growth	Education & Skills	Landau Forte Expansion Scheme	SCE C BN/SCE C SCA	5.606	6.211	-	11.816
Schools	Growth	Education & Skills	Ravensdale Infant School - New Build	SCE C/SCE C SCA	1.689	0.004	-	1.693
Schools	Growth	Education & Skills	Shelton Junior - Roof, Windows & FRA	SCE C/SCE C SCA	0.005	-	-	0.005
Schools	Growth	Education & Skills	Roe Farm Primary - New Boiler	SCE C/SCE C SCA	0.003	-	-	0.003
Schools	Growth	Education & Skills	Murray Park Community School - Windows, Doors & External Partitions	SCE C/SCE C SCA	0.003	-	-	0.003
Schools	Growth	Education & Skills	Becket Primary - Window & Doors	SCE C/SCE C SCA	0.003	-	-	0.003

Strategy Area	Outcome	Area of Outcome	Title	Funding Source	Revised 2022/23 £m	Revised 2023/24 £m	Original 2024/25 £m	Total £m
Schools	Growth	Education & Skills	Ridgeway Infant - Windows, Drainage Works & Fencing	SCE C/SCE C SCA	0.002	-	-	0.002
Schools	Growth	Education & Skills	Oakwood Infant - Windows, Roof & Doors	SCE C/SCE C SCA	0.002	-	-	0.002
Schools	Growth	Education & Skills	Silverhill Primary - Windows & Roof	SCE C/SCE C SCA	0.002	-	-	0.002
Schools	Growth	Education & Skills	Wren Park Primary - Windows & Roof	SCE C/SCE C SCA	0.002	-	-	0.002
Schools	Growth	Education & Skills	Portway Infant - Drainage & External Works	SCE C/SCE C SCA	0.001	-	-	0.001
Schools	Growth	Education & Skills	Littleover S106 Expansion - 2021 to 2023	S106	0.049	0.300	-	0.349
Schools	Growth	Education & Skills	Central Nursery Boiler Replacement	SCE C/SCE C SCA	0.010	-	-	0.010
Schools	Growth	Schools	Children's Homes Accommodation Strategy	UBC	0.100	0.300	0.600	1.000
Schools	Growth	Schools	D2N2 Children's Homes matched funding	UBC	0.150	0.150	-	0.300
Housing General Fund	Growth	Housing	Capitalised Salaries	EC	0.085	0.085	0.085	0.255
Housing General Fund	Growth	Housing	Healthy Housing Assistance	EC/GG	0.220	0.280	0.280	0.780
Housing General Fund	Growth	Housing	Empty Property Assistance	EC	0.185	0.185	0.180	0.550
Housing General Fund	Growth	Housing	Works at Shelton Lock	EC	0.150	-	-	0.150
Housing General Fund	Growth	Housing	Milestone House Capital Works	CR/EC	0.365	-	0.025	0.390
Housing General Fund	Growth	Housing	Green Home Grant Local Authority Delivery - Phase 1	GG	0.200	-	-	0.200
Housing General Fund	Growth	Housing	Green Home Grant Local Authority Delivery - Phase 2	GG	0.517	-	-	0.517
Housing General Fun	Growth	Housing	Green Home Grant Local Authority Delivery - Phase 3	GG	2.500	-	-	2.500
Housing General Fun	Growth	Housing	Children's services properties	CR	0.278	-	-	0.278
Housing General Fund	Growth	Housing	Carelink Equipment	GG	0.176	0.176	-	0.352
Regeneration	Growth	Housing	Castleward - CPO	CR/EC/GG	3.415	3.586	-	7.001
HRA	Growth	Housing	Estates Pride - General	MRR	0.350	0.350	0.350	1.050
HRA	Growth	Housing	PVCU Windows & Doors	MRR	1.500	1.500	1.500	4.500
HRA	Growth	Housing	Capital Salaries Mods Liaison	MRR	0.700	0.700	0.700	2.100
HRA	Growth	Housing	Kitchens and Bathrooms	MRR	4.225	3.925	3.949	12.099
HRA	Growth	Housing	One-off Mods/Major Refurbishments	MRR	1.250	0.750	0.750	2.750
HRA	Growth	Housing	Re-Roofing	MRR	1.500	1.500	1.500	4.500
HRA	Growth	Housing	Disability Adaptions	MRR	0.700	0.700	0.700	2.100
HRA	Growth	Housing	Communal Door Entry Systems	MRR	0.050	0.050	0.050	0.150
HRA	Growth	Housing	New & Replacement Central Heating	MRR	2.000	2.000	2.000	6.000
HRA	Growth	Housing	Rewiring/Electrical Upgrades	MRR	0.500	0.500	0.500	1.500
HRA	Growth	Housing	Solid Wall Installation	MRR	1.800	0.550	0.550	2.900
HRA	Growth	Housing	New Build and Acquisitions	CR/MRR	5.330	4.510	4.570	14.410
HRA	Growth	Housing	The Knoll NB	CR/MRR	0.250	0.663	2.438	3.351
HRA	Growth	Housing	Riverview Site (Previously Brit Court)	MRR	0.150	1.000	1.500	2.650

Strategy Area	Outcome	Area of Outcome	Title	Funding Source	Revised 2022/23 £m	Revised 2023/24 £m	Original 2024/25 £m	Total £m
HRA	Growth	Housing	Berwick Avenue	CR/MRR	0.165	-	-	0.165
HRA	Growth	Housing	Barlow Street	CR/MRR	1.150	0.800	-	1.950
HRA	Growth	Housing	Aida Bliss	CR/MRR	2.505	6.996	3.648	13.149
HRA	Growth	Housing	HRA Fire Safety	MRR	0.250	0.250	0.250	0.750
HRA	Growth	Housing	Rivermead Refurbishment	MRR	1.500	0.525	-	2.025
HRA	Growth	Housing	HRA Shops	MRR	0.150	0.200	0.250	0.600
HRA	Growth	Housing	Oakland Avenue	CR/MRR	0.100	0.525	-	0.625
HRA	Growth	Housing	Crompton Street	CR/MRR	0.600	-	-	0.600
HRA	Growth	Housing	The Grange	CR/MRR	2.000	4.000	-	6.000
HRA	Growth	Housing	Chesapeake - NB	CR/MRR	1.600	-	-	1.600
HRA	Growth	Housing	Whitaker Street	CR/MRR	0.380	-	-	0.380
HRA	Growth	Housing	Cummings Street Car Park	CR/MRR	0.700	-	-	0.700
HRA	Growth	Housing	Elmwood	CR/MRR	0.270	0.270	-	0.540
HRA	Growth	Housing	Green Homes Grant Programme	MRR	0.855	-	-	0.855
HRA	Growth	Housing	Water Service - HRA	MRR	0.250	0.150	-	0.400
HRA	Growth	Housing	Falcon - HRA	CR/MRR	0.270	0.270	-	0.540
HRA	Growth	Housing	Brentford Drive - HRA	MRR	0.100	0.666	0.666	1.432
HRA	Growth	Housing	Integrated Solar Panels in Roofing	MRR	0.900	0.900	0.900	2.700
HRA	Growth	Housing	emergency call system replacement	MRR	0.370	-	-	0.370
HRA	Growth	Housing	Warwick House - HRA	MRR	0.240	0.500	2.750	3.490
Regeneration	Growth	Investment	Derby Enterprise Growth Fund - Recycled	CR	0.205	-	-	0.205
Regeneration	Growth	Investment	iHub plot preparation	EC/SCE C	0.390	-	-	0.390
Regeneration	Growth	Investment	MRC Midlands (NAMRC)	SCE C/EB/UBC	13.382	0.158	-	13.540
Regeneration	Growth	Investment	Smartparc	CR/UBC	2.750	2.634	-	5.384
Regeneration	Growth	Investment	Ascend Capital	SCE C	1.500	1.355	-	2.855
Regeneration	Growth	Investment	ERDF GIP3	GG	0.498	-	-	0.498
Corporate Resources	Growth	Investment	Future Investments Provision	UBC	20.500	25.500	15.000	61.000
	Total Growth				95.247	87.454	48.061	230.763

Resilient Programme 2022/23 - 2024/25

Strategy Area	Outcome	Area of Outcome	Title	Funding Source	Revised 2022/23 £m	Revised 2023/24 £m	Original 2024/25 £m	Total £m
Property	Resilient	Stronger Communities	Heatherton Community Centre	S106	0.037	-	-	0.037
Property	Resilient	Stronger Communities	Chellaston Community Centre	S106	0.039	-	-	0.039
Property	Resilient	Stronger Communities	Chellaston Brickwork Improvements	S106	0.009	-	-	0.009
Property	Resilient	Stronger Communities	St Mary's Broadwalk	S106	0.096	-	-	0.096
Property	Resilient	Stronger Communities	Mackworth Park	S106	0.008	-	-	0.008
Property	Resilient	Stronger Communities	Silk Mill Park	S106	0.010	-	-	0.010
Property	Resilient	Stronger Communities	Darley Fields Frontage Improvements	S106	0.049	-	-	0.049
Property	Resilient	Stronger Communities	Bridgden Avenue Allotments	S106	0.016	-	-	0.016
Regeneration	Resilient	Stronger Communities	Access Osmaston	EC/GG/UBC	0.250	-	-	0.250
Housing General Fund	Resilient	Stronger Families	Disabled Facilities Grant 96 Act	GG	2.200	2.500	2.616	7.316
	Total Resilient				2.714	2.500	2.616	7.830

Vibrant Programme 2022/23 - 2024/25

Strategy Area	Outcome	Area of Outcome	Title	Funding Source	Revised 2022/23 £m	Revised 2023/24 £m	Original 2024/25 £m	Total £m
Regeneration	Vibrant	City Centre	Infinity Park Derby (IPD) Programme	EC/SCE C/UBC	-	-	3.725	3.725
Regeneration	Vibrant	City Centre	Market Hall Refurbishments - Phase 1	UBC	1.240	0.008	-	1.248
Regeneration	Vibrant	City Centre	Market Hall Refurbishments - Phase 2	UBC	0.298	0.211	-	0.509
Regeneration	Vibrant	City Centre	Eastern Gateway	GG	2.821	1.966	-	4.787
Property	Vibrant	Culture	Oakwood Park Improvements	S106	0.190	-	-	0.190
Property	Vibrant	Culture	Swimming Pool New Build	UBC	0.320	-	-	0.320
Property	Vibrant	Culture	Corporate Contingency S151 Approval Only - Swimming Pool	UBC	1.800	-	-	1.800
Regeneration	Vibrant	Culture	Becket Well Regeneration	CR/UBC	1.956	-	-	1.956
Regeneration	Vibrant	Culture	Alvaston District Centre Improvement	UBC	0.731	-	-	0.731
Regeneration	Vibrant	Culture	Becketwell Performance Venue Fees	UBC	0.176	0.123	0.110	0.409
Regeneration	Vibrant	Culture	Becketwell Area Regeneration contingency	UBC	0.127	-	-	0.127
Regeneration	Vibrant	Culture	FHSF Connecting Works	GG	0.118	0.389	-	0.507
Regeneration	Vibrant	Culture	New Performance Venue at Becketwell	CR/UBC	4.172	22.501	15.966	42.639
	Total Vibrant				13.949	25.198	19.801	58.949

Summary of Unsupported Borrowing 2022/23 - 2024/25

Strategy Area	Scheme	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
	Corporate Unsupported Borrowing				
Corporate Res	Provision for Future Investments	20.500	25.500	15.000	61.000
Flood Defence	Local flood alleviation scheme	0.250	0.250	0.250	0.750
H&T	Asset Management - Highways Maintenance	1.869	-	-	1.869
H&T	Highways Trees	-	0.156	-	0.156
Property	Planned Maintenance	-	1.524	1.692	3.216
Property	Swimming Pool New Build	0.320	-	-	0.320
Property	Corporate Contingency S151 Approval Only - Swimming Pool	1.800	-	-	1.800
Property	Guildhall - Roof Covering	0.200	-	-	0.200
Property	MEND	1.250	-	-	1.250
Property	Energy Projects	-	0.250	0.300	0.550
Property	Disabled Access	-	0.100	-	0.100
Property	Project Development - Property Improvements	0.200	-	-	0.200
Property	Various sites boundary improvements	-	0.470	0.520	0.990
Property	Various sites fire precaution	-	0.290	0.320	0.610
Property	Darley Playing Fields	0.250	0.275	0.300	0.825
Property	Various Electrical Rewiring	-	0.460	0.500	0.960
Property	Homes for older people (HOP) - Reconfiguration, Redevelopment, Relocation, Remodelling	0.500	0.700	0.770	1.970
Property	Pickford House Museum	0.090	-	-	0.090
Property	HOP Reconfiguration - Perth & Arboretum House Improvements	0.350	-	-	0.350
Property	Council House - Detailed Survey	0.400	-	-	0.400
Property	Rosehill Children Centre - fire risk assessment works	0.030	-	-	0.030
Property	Littleover Community School - Bungalow	0.100	-	-	0.100
Property	Moorways Stadium - Improvements to the running track and Stadium	0.340	-	-	0.340
Property	DEDA BMS & AHU Replacement	0.135	-	-	0.135
Property	Multicultural Education Centre - Heating System Improvements	0.260	-	-	0.260
Property	Ashtree House - Window Replacement	0.145	-	-	0.145
Property	Springwood Leisure Centre - Heating System Improvements	0.190	-	-	0.190
Property	Kedleston Road - Heating System	0.900	0.400	0.440	1.740
Property	Various Boiler Replacement	0.000	0.680	0.740	1.420
Property	Various Lighting Protection	0.150	-	-	0.150
Property	2 Stanley Road - Window Replacement	0.100	-	-	0.100
Property	Whitaker T2 - Window Replacement	0.110	-	-	0.110
Property	Spondon Village Hall - Window Replacement	0.040	-	-	0.040
Property	Sinfin Children's Centre - Installation of Rain Canopy	0.020	-	-	0.020
Property	Chaddesden Library - Fall Arrest System Installation	0.015	-	-	0.015
Property	Abbey Yard and Stables - External courtyard improvement	0.070	-	-	0.070
Property	Darley Park rangers Centre - Roof Replacement	0.300	-	-	0.300
Property	Kings Chambers - Fire safety Improvements	0.130	-	-	0.130
Property	Rykneld Recreation Ground - Roof Replacement	0.075	-	-	0.075
Property	Marble Hall - Fence Upgrade	0.040	-	-	0.040
Property	Southgate Education Centre - Structural Improvements	0.070	-	-	0.070
Property	Demolition works at various sites	0.220	-	-	0.220
Regeneration	Infinity Park Derby (IPD) Programme	-	-	0.898	0.898
Regeneration	Becket Well Regeneration	1.100	-	-	1.100
Regeneration	Alvaston District Centre Improvement	0.731	-	-	0.731
Regeneration	Access Osmaston	0.000	-	-	0.000
Regeneration	Market Hall Refurbishments - Phase 1	1.240	0.008	-	1.248
Regeneration	MRC Midlands (NAMRC)	1.000	0.158	-	1.158
Regeneration	Smartparc	1.366	2.634	-	4.000
Regeneration	Becketwell Performance Venue Fees	0.176	0.123	0.110	0.409
Regeneration	New Performance Venue at Becketwell	4.002	22.501	15.966	42.469
Regeneration	Market Hall Refurbishments - Phase 2	0.298	0.211	-	0.509
Regeneration	Becketwell Area Regeneration contingency	0.127	-	-	0.127
Regeneration - OCOR	Our City Our River	0.395	-	-	0.395
Regeneration - OCOR	Our City Our River - Package 1	0.219	-	-	0.219
Regeneration - OCOR	Our City Our River - Package 2	1.469	-	-	1.469
Schools	Landau Forte Expansion Scheme	1.024	3.961	-	4.985

Strategy Area	Scheme	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Schools	Children's Homes Accommodation Strategy	0.100	0.300	0.600	1.000
Schools	D2N2 Children's Homes matched funding	0.150	0.150	-	0.300
Schools	SEND Provision - Schools	0.000	5.432	-	5.432
	Total Corporate Unsupported Borrowing	44.816	66.533	38.406	149.755
	Service Financed Borrowing				
H&T	Street Lighting LED Replacement	0.190	-	-	0.190
HGF	New Housing Homelessness Service Centre	-	0.013	-	0.013
Regeneration	MRC Midlands (NAMRC)	5.532	-	-	5.532
VPE	Grounds Plant & Equipment	0.400	0.400	0.400	1.200
VPE	Refuse Vehicles & Plant	0.950	-	-	0.950
VPE	Street Cleaning Equipment	0.638	0.308	-	0.946
	Total Service Financed Borrowing	7.710	0.721	0.400	8.831

Minimum Revenue Provision Statement 2022/23

Annual Minimum Revenue Provision Statement 2022/23

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 1st 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 31st 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.
- Where former operating leases have been brought onto the balance sheet on 1st April 2022 due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil 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 2022/23 to be met from revenue will not be subject to a MRP charge until 2023/24 or the year after the asset becomes operational if later than 2023/24.

Prudential Indicators 2021/22 to 2024/25

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Capital Expenditure				
General Fund	119.322	161.151	97.291	55.080
HRA	22.071	34.660	34.750	29.521
Total Capital Expenditure	141.393	196.811	132.041	84.601
Capital Financing Requirement (CFR)				
General Fund	445.99	494.07	557.0	589.86
HRA	214.8	214.8	214.8	214.8
Total CFR	660.79	708.87	771.80	804.66
External Debt				
Borrowing	336.9	329.4	325.5	325.0
Other long-term liabilities	80.5	76.2	71.2	66.1
Gross Debt	417.4	405.6	396.7	391.1
Operational Boundary for External Debt				
Borrowing	580.3	632.7	700.6	738.6
Other long-term liabilities	80.5	76.2	71.2	66.1
Total	660.8	708.9	771.8	804.66
Authorised Limit for External Debt				
Borrowing	696.3	759.2	840.7	886.3
Other long-term liabilities	96.6	91.4	85.4	79.3
Total	792.9	850.6	926.2	965.6
Ratio of Financing Costs to Net Revenue Stream				
General Fund	3.10	4.16	5.01	5.44
HRA	17.52	16.59	15.85	16.35
Notional Increase Impact of Capital Investment Decisions – To follow				
Notional Impact on Band D Council Tax (Non HRA)	0.02	8.79	20.19	28.06
Increase in Average Weekly Housing Rents (HRA)	0.03	0.04	0.05	0.06

Capital Strategy 2022/23

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.

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. Capital Expenditure and Financing

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 £10,000 are not capitalised and are charged to revenue in year.

For details of the Council's policy on capitalisation, follow link

<https://iderby.derby.gov.uk/media/intranet/documents/finance/capitalandassets/procedure-notes-capitalisation-policy-P1.pdf>

1.1 Capital Ambition

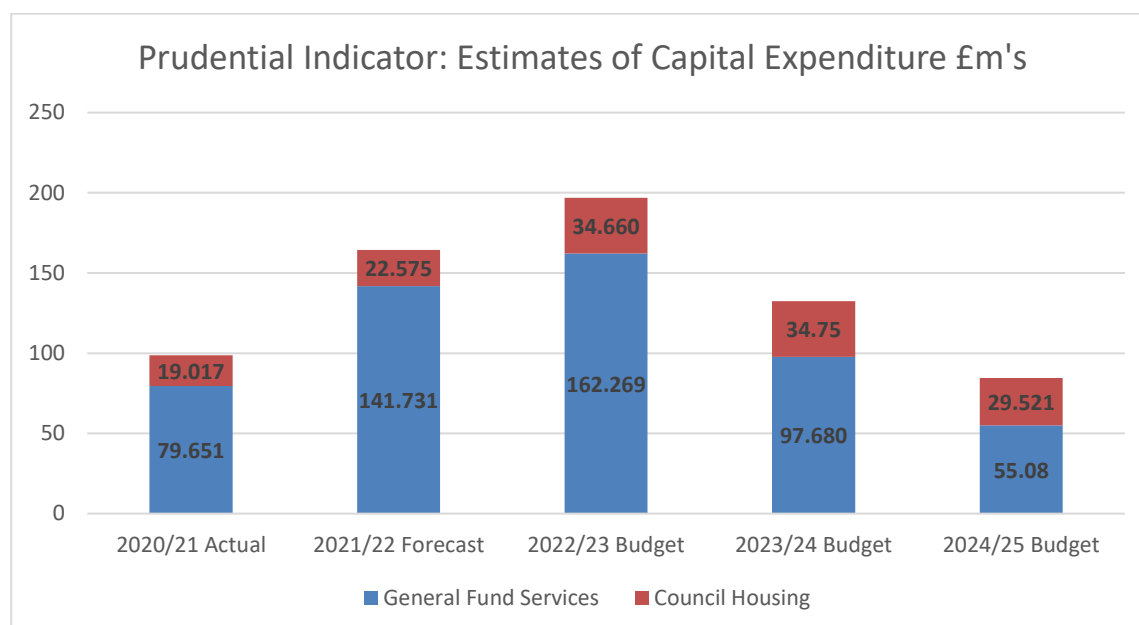
The Council's Capital Programme is ambitious and delivers across themes such as economic regeneration, health and wellbeing, economic vibrancy, diversification and skills, job creation and the development of the City's cultural offers.

However, the pandemic and the Governments 'levelling up agenda' has highlighted the need for the Council to 'pause' and create a new and ambitious Capital Strategy and Ambition for the City to respond to changing needs, new opportunities and unfortunately the impact of the pandemic leading to market failure.

As part of the council's ambitious capital strategy the proposed capital programme includes an addition to the 'future investments pot' of £30m this now stands at £61m. It is hoped this will be able to lever in significant external funding and progress our ambition for the city. Prudential borrowing for the future Investments pot is incorporated within the MTFP.

A list of potential capital investment needs and opportunities that may require consideration at a future point are detailed in Appendix 18. These are not included in the current programme.

- 1.2 In 2022/23, the Council is planning capital expenditure of £196.929m as summarised below. The capital programme from 2020/21 actual to 2024/25 forecast budget is outlined below



1.3 The main capital programme includes major projects which span several years including 2021/22 to 2024/25. The full amounts of schemes including previous spend are shown for completeness:

- £11.816m for Landau Forte Expansion scheme
- £44.8m for Becketwell Arena
- £16.1m for the Smartparc
- £12.1m for MRC Midlands
- £69m for Transforming Cities
- £8.399m for the development of special needs facilities
- £14.244m for the Market Hall refurbishment Phase 1 programme together with £1.634m for phase 2 design fees to RIBA4. A separate report on this agenda seeks approval to the total project costs and proposed funding to deliver phase 2 transformation, and the capital programme will be updated accordingly post February Cabinet.

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

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

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. The Council and Derby Homes are working with Homes England to explore the potential for additional grant funding for new homes.

The aim remains to try and replace as many homes as possible and to help reduce homelessness and rough sleeping by using the combined resources of the Council and Derby Homes.

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.

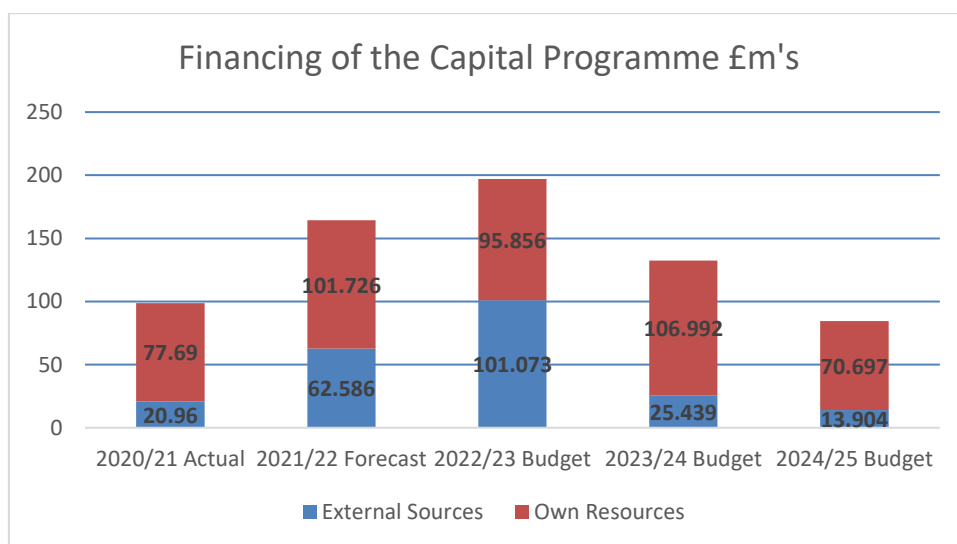
1.6 Governance

Programme Managers put forward their proposed capital programme around September each year to include in the Council's capital programme. 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. The Project Management Office (PMO) is policing 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.

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.

1.7 For full details of the Council's capital programme see the main budget (Section 5).

1.8 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:



1.9 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:

Table: Replacement of debt finance

	2020/21 Actual £m	2021/22 Forecast £m	2022/23 Budget £m	2023/24 Budget £m	2024/2025 Budget
Own resources	3.837	4.171	5.192	5.944	6.699

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

- 1.10 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 £49.8m) during 2021/22 and is forecast to rise to an increase of £143.87 in 2024/25. Based on the above figures for expenditure and financing. The Council's estimated CFR can be found in Appendix 16.

1.11 **Asset Management:**

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, 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.

In addition to the council asset management plan it 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.

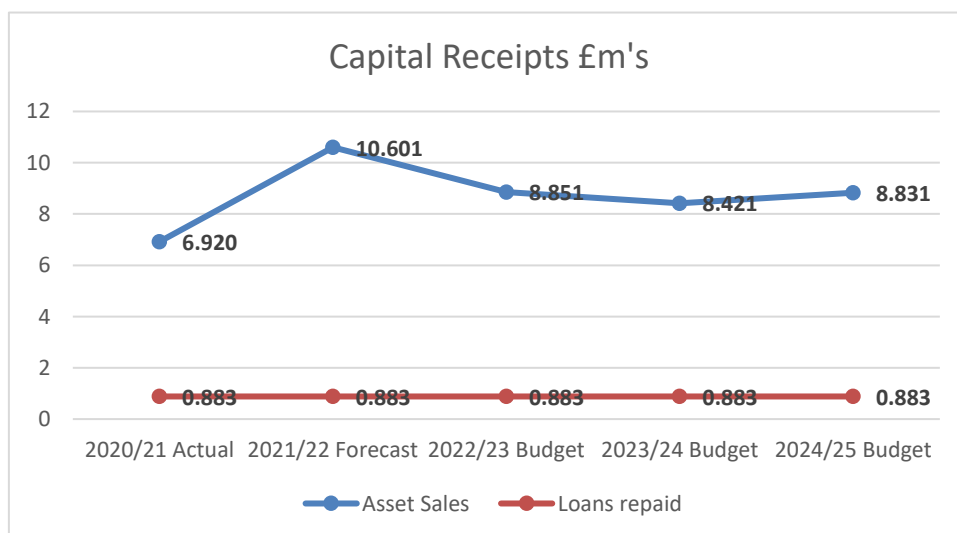
The council is also now focusing on how its estate can support our commitment to the climate emergency and achieve the council's stated target of being carbon neutral.

The Councils asset management strategy can be found at:

<https://www.derby.gov.uk/media/derbycitycouncil/contentassets/documents/business/estates/Corporate%20Asset%20management%20Plan%20-%20September%202018.pdf>

1.12 **Asset Disposals**

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 2022/23. Repayments of capital grants, loans and investments also generate capital receipts. The council plans to receive £48.040m of capital receipts in the coming financial years as follows including RTB receipts:



1.13 **Treasury Management**

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 £337.2m borrowing at an average interest rate of 4.192% and £69.558m treasury investments at an average rate of 0.01%.

1.14 **Borrowing Strategy:**

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 0.07%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5 to 2.5%).

1.15 Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases) can be found in the Treasury Management Strategy.

1.16 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.

1.17 IFRS 16 is being applied to the public sector from 1 April 2022, 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.

1.18 **Liability Benchmark**

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 £455.6m and is forecast to rise to £614.7m over the next three years. The Treasury Management Strategy provides full details.

1.19 **Affordable Borrowing Limit:**

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.

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

1.21 **Investment Strategy**

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

- 1.22 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 is 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.

1.23 **Governance**

Decisions on treasury management and borrowing are made daily and are therefore delegated to the Strategic Director of Corporate Resources and staff, 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 midyear report on the treasury management activities. The audit committee is responsible for scrutinising treasury management decisions.

1.24 **Investments for Service Purposes**

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.

1.25 **Governance**

Decisions on service investments are made by the relevant service manager in consultation with the Director of Financial Services 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.

1.26 **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 will be seeking 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.

1.27 **Liabilities**

In addition to debt of £337.2m detailed above, the council is committed to making future payments to cover its pension fund deficit valued at £442m; It has also set aside £6.380m to cover risks of Business Rates appeals and Insurance losses. The Council also has potential liabilities for the Derby Homes pension deficit and the New Waste Treatment Facility (NWTF) in Sinfin but has not put aside any money due to the level of uncertainty around the liability.

- 1.28 **Governance**
Decisions on incurring new discretionary liabilities are taken by service directors in consultation with the Strategic Director of Corporate Resources. The risk of liabilities crystallising and requiring payment is monitored by corporate finance and reported in the Council's year-end financial statements.
- Further details on liabilities and guarantees are on pages 37 and 121 of the 2020/21 Statement of Accounts presented to the Audit and Governance committee on 3rd November (as the audit is currently on-going please note these are subject to change).
- 1.29 **Revenue Budget Implications**
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.
- 1.30 **Sustainability**
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 Strategic Director of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable because of the rigorous budget setting process undertaken during the last six months in conjunction with members programme officers and the finance team.
- 1.31 **Knowledge and Skills**
The council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Strategic Director of Resources is a qualified accountant with 28 years post qualification experience, the Director of Property is a Fellow of RICS and formally also a registered valuer. He also holds a bachelor's degree with Honours and ILM level 7 qualifications and brings with him over 25 years of commercial property, asset management, investment, development, and valuation experience. The Council pay for junior staff to study towards relevant professional qualifications including CIPFA, and AAT.
- 1.32
Where Council staff does not have the knowledge and skills required, use is made of external advisors and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as Treasury Management Advisors, the District Valuer's Office (DVO) as property consultants and valuers. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 1.33 **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.

Capital Ambition

<p>Potential Schemes to be funded from Borrowing</p> <ul style="list-style-type: none"> • Waste Disposal • OCOR Council Investment • Infinity Park Derby Brook Realignment • Becketwell - Further Stages • City Centre office redevelopment, • Bold Lane • Civil service relocation including opportunity for Great British Railways HQ • City Centre re-purposing / ARG Phase 2 • St James Street Demonstrator • City Centre public realm- Osnabruck Square • City Centre public realm programme
<p>Potential Schemes to be funded Externally</p> <ul style="list-style-type: none"> • Future High Streets Fund • Make and Trade Zone • Heritage Schemes • Civil Service Relocation including opportunity for Great British Railways HQ • OCOR (Environment Agency/Others) • New primary School Snelsmoor
<p>Potential Hybrid Schemes (DCC Funding/External Funding)</p> <ul style="list-style-type: none"> • Guildhall • Market Place • Parklife • City Centre Cultural Offer • Blue Corridor (River) and Green Corridor (Open Spaces) • SEN reprovision • Rykneld road New primary school
<p>Potential Schemes – Regeneration</p> <ul style="list-style-type: none"> • Regeneration Fund • Strategic Acquisitions • South Derby Growth Zone • Infinity Park • Derby Riverside • Northern Gateway • Project Assemble • Cultural Heart • Derby Canal - Derby Arm • Opening up Markeaton Brook
<p>Potential Schemes – Council Buildings</p> <ul style="list-style-type: none"> • Depot Reorganisation/Relocation • Northern Quarter & Chapel Street Gateway • Markeaton Crematorium • Carbon Neutral Investment in our property estate • Royal Oak House

All these schemes and others will be considered as part of a City-Wide Capital Strategy/Ambition and are not firm, costed or funded commitments.

S106 Allocations 2022/23

Strategy Area	Scheme	Developer	Ward	£m	S106 ref no
Park & Open Spaces	C005521	Oakwood Park Improvements	Oakwood	0.190	ManR2-05
Park & Open Spaces	C005586	Heatherton Community Centre	Alvaston	0.037	RyKR6-02a
Park & Open Spaces	C005604	Chellaston Community Centre	Chellaston	0.039	MerC4-09
Park & Open Spaces	C005484	Chelleston Brickwork Improvements	Chellaston	0.009	To remove
Park & Open Spaces	C005691	St Mary's Boardwalk	Arboretum	0.096	BatS1-02
Park & Open Spaces	C005692	Mackworth Park	Abbey	0.008	GreN1-05
Park & Open Spaces	C005694	Silk Mill Park	Arboretum	0.010	Ward1-01
Park & Open Spaces	C005695	Darley Fields Frontage Improvements	Darley	0.049	AgaS2-01
Park & Open Spaces	C005690	Bridgden Avenue Allotments	Alvaston	0.016	WilDr1-01
Schools	C001224	Brackensdale Infant and Junior – Expansion Design	Littleover	0.300	Mank2-10b
Schools	C005403	Fellows Lands Way Primary s106	Chellaston	0.900	Fel1-07b
Schools	C005492	Chellaston Secondary School - Homeleigh Way Contribution	Chellaston	1.576	HolW3-03
Schools	C005706	Littleover S106 Expansion - 2021 to 2023	Littleover	0.049	Alla2-03
				3.279	

Cost of living

Derby City Council



- Housing Benefit £67m
- Council Tax Support £13m
- Discretionary Housing Payments £0.5m
- Council Tax Hardship £0.2m
- Free School Meals
- Household Support Fund: one-off payment of additional financial support to pay for food and fuel this winter administered by DCC.
- The fund opened on 15 December 2021. Between 15 December 2021 to 21 January 2022 Derby Advice helped 125 residents with an award with a total financial value of £20,150
- Other colleagues across Derby Homes have helped a further 224 tenants with an award with a total financial value of £39,510
- DCC's 'DASH Landlord Accreditation scheme', in partnership with the University of Derby to support students.
- Derby's Summer Promise: utility support. 457 awards totalling £0.01m
- WR cases: awards services and goods. 1,108 awards totalling £0.288m. The value to residents is significantly higher than the financial support, for example, an electric cooker at a cost of £100, gives a household the ability to make warm meals, creates independence, offers dignity and choice – much more value than £100
- Household Support: cost of living support. 4,751 awards totalling £0.841m
- Local Assistance Awards: utility top ups. 341 awards totalling £0.008m
- Home Start: help with white goods to setup a new home. 275 awards totalling £0.042m
- Household Support grant via CAD: financial support for existing schemes for vulnerable residents
- FSM support: vouchers and awards – Easter 2021, summer 2021, October 2021, December 2021. 61,733** awards totalling £1.466m. ** Awards not meals - £15 per award is 5 meals - 308,665 meals
- Derby' summer promise School: uniform support. 3671 awards totalling £0.09m
- Derby's summer promise: accessibility support for HAFP