



Derby City Council

Medium Term Financial Plan 2020/21 – 2022/23

CONSULTATION DOCUMENT

We want to know your views on how we propose to balance our budget

Introduction

This document outlines our 2020/21 – 2022/23 Medium Term Financial Plan (MTFP) and our proposals to achieve a balanced budget position for 2020/21.

What is the MTFP?

The MTFP is our rolling three year plan which we review every year. When we put together our plan we have to consider:

- **Funding** – the money we have coming in from the Government, taxes, grants and other income or sources.
- **Pressures** – increased demand for Council Services and increased costs the money we still need to find to balance our budget.
- **Savings** – the money we plan to stop spending to reduce our budget.

The MTFP in context: What key things have we considered?

- **Government funding:** The Chancellor outlined his budget for 2020 on 4th September 2019. This confirmed an increase in funding for councils including an additional £1.5 billion nationally for social care 'pressures' and a cash boost for schools. This amounts to a 4.3% real term increase in funding. The final financial settlement was due to be announced on 5th December 2019 but this will now be delayed until after the coming general election.
- **The ability to increase Council Tax:** The Chancellor also confirmed an increase of 1.99% to the threshold in core Council Tax with the option to levy an additional 2% social care precept in 2020/21. The Council is consulting on the maximum Council Tax increase of 3.99%.
- **Increasing demand:** There have been significant increases in demand for Children's Social Care including a spike in demand (driven by several factors) during 2018/19. The majority of Councils that have responsibility for delivering social care services have

experienced similar trends. We are, however, starting to see the impact of our demand management activity; in Quarter 2 of 2019/20 the number of looked after children has decreased and new foster carers are being recruited (although others are standing down), reducing costs of expensive out of city placements. This will continue to be a priority area for us going forward.

- **Funding that can be raised through local taxation:** We, like many regional cities, have a relatively limited ability to raise resources through local taxation when compared to other councils. This is because Council Tax income is limited by the high proportion of low value dwellings, over 51% of which fall into band A, which is the lowest band (a number of which are eligible for Council Tax Support).
- **Investment into the physical infrastructure of the City:** We know we need to invest in the physical infrastructure of the City through regeneration and our own assets. The draft MTFP proposed in this consultation allows continued investment of over £200 million through our Capital Programme.

With uncertain times ahead we also want to ensure that we align our budgets with our strategic priorities; target resources at our priority outcomes; and develop longer-term financial plans that will help DCC to be more sustainable in the future. The additional government funding and the ability to increase Council Tax by up to 3.99% has made it possible for us to propose a manageable MTFP, strengthening the Council's financial sustainability going forward.

How can you have your say on our plan and proposals?

The proposals included in our MTFP are summarised in this document. You can give your feedback by completing the online survey at www.derby.gov.uk/yourcityyoursay or by completing a paper questionnaire and returning it in the envelope provided or to the following freepost address: Budget Consultation, Derby City Council, FREEPOST, MID24259, Derby, DE1 2BR.

You can pick up a paper copy of the questionnaire at the Council House or one of our libraries or you can request a copy by contacting 01332 640000. If you would like to request the questionnaire in a different format such as a different language or an easy read version or if you would like a paper copy of the 13 November Cabinet report where these proposals were discussed, please contact yourcityyoursay@derby.gov.uk or call 01332 640000. The consultation will be open until **Thursday 2nd January at 10.00 a.m.**

Please take this opportunity to tell us what you think, your views are important to us and will help shape the future of public services in Derby.

What happens next?

The findings from this consultation will be discussed at a Council Cabinet meeting on 12th February 2020, where decisions will be made about these proposals. The final budget and setting of Council Tax will be approved by Full Council on 26th February 2020.

A summary of our proposals

An overview of the current MTFP Position

Whilst our projections for the next three years continue to be updated as our financial position becomes clearer, the current forecast is set out in Table 1¹. It shows a balanced budget for the year 2020/21 and a reduced funding gap for the next three years (£2.833 million). This is a significant improvement in the financial sustainability of the Council and is achieved through an additional £8.4m of Government funding announced in the recent spending round and the option to increase Council Tax by 3.99% and continued savings and efficiencies.

As part of this budget we are also proposing an increase in Council Tax. This will amount to an increase in payments of less than £1 a week (for 85% of taxpayers), which is a 3.99% increase from April 2020. Council Tax increases are being planned to invest into areas such as Children's Social Care – a key priority for DCC.

Table 1: MTFP forecast 2020/21 – 2022/23

MTFP	2020/21 £m	2021/22 £m	2022/23 £m
Resources Available (Funding)			
Core Government Funding	13.726	13.911	13.729
Business Rates Tax Base Reduction/Growth	62.641	63.894	65.172
Council Tax Base/Uplift Increases	102.114	105.470	108.854
Better Care Fund	23.160	23.332	23.506
Other Grants	19.387	18.476	19.323
Public Health	19.274	19.274	19.274
Collection Fund Deficit/(Surplus)	(1.725)	-	-
Total Resources Available (Funding)	238.577	244.357	249.858
Net Opening Budget:	228.101	240.344	247.208
Pressures:			
Inflationary Pressures	4.001	3.735	3.738
Existing Pressures as part of 2019/20 to 2022/23 MTFP	0.888	2.412	0.579
Proposed New Pressures	12.147	2.992	2.975
Total Pressures	17.036	9.139	7.292
Existing savings as part of 2019/20 to 2022/23 MTFP	(2.714)	(1.356)	(0.658)
Proposed new savings	(2.079)	(0.919)	(1.101)
Total Savings	(4.793)	(2.275)	(1.759)
Net Budget Requirement before reserves movement	240.344	247.208	252.741
Use of Reserves	(1.767)	-	-
Net Budget Requirement	238.577	247.208	252.741
Current Budget Gap/(Surplus)	-	2.852	2.883

¹ More detail can be found at Appendix 1 of the 13 November 2019 [Cabinet report](#) at [cmis.derby.gov.uk](#)

The majority of our budget proposals are about delivering existing services differently through changes in how services are delivered, or by restructuring staff and resources alongside income generation opportunities.

These proposals are set across the three main directorates within the Council.

- Corporate Resources which includes services like information technology, legal services, human resources, housing benefits and property services
- People Services which includes public health, adult social care and children and young people services
- Communities and Place which includes services such as highways, neighbourhood management, libraries, parking and traffic management, travel concessions and leisure and culture.

Tables 2 and 3 below outline the total savings and pressures for the Council in the current MTFP.

Table 2: Savings in the current MTFP by directorate

Savings	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Peoples	(1.596)	(1.364)	(0.764)	(3.724)
Communities and Place	(1.462)	(0.333)	(0.200)	(1.995)
Corporate Resources	(1.735)	(0.578)	(0.795)	(3.108)
TOTAL	(4.793)	(2.275)	(1.759)	(8.827)

Table 3: Pressures in the current MTFP by directorate

Pressures	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Peoples	6.906	2.425	2.375	11.706
Communities and Place	3.327	0.941	*(1.069)	3.199
Corporate Resources	2.802	2.038	2.248	7.088
TOTAL	13.035	5.404	3.554	21.993

*Includes removal of one off pressures

These are set out in more detail over the next few pages for your consideration. In addition to these savings proposals and budget pressures we are also proposing an ambitious Capital Programme of £200.526m over the next three years. This programme is summarised at page 9 and we welcome your feedback.

People Services Directorate - Revenue Savings Proposals and Pressures

The total proposed savings and pressures for the People Services Directorate in the MTFP are set out in Table 4 below.

Table 4: Savings and pressures for people services

	20/21 £m	21/22 £m	22/23 £m	Total £m
Savings:	(1.596)	(1.364)	(0.764)	(3.724)
Pressures:	6.906	2.425	2.375	11.706

This demonstrates the impact of demand and other pressures within both Children and Adult & Public Health services. Our MTFP takes this into account and also factors in budget increases such as living wage costs to support a sustainable care market. If you wish to review in more detail, the existing and new savings are listed at Appendix 2 and pressures are listed in Appendix 3 of the 13 November 2019 [Cabinet report](#).

People Services Directorate new proposed savings of £1.7m net

£2.024m of the savings included in the MTFP for People Services have previously been identified and signed off by Council in February 2019 as part of last years budget planning process and are already being progressed. For the net difference of £1.7m new savings, our proposals are outlined below for your feedback as part of this consultation. These new proposals build on the transformational activity already underway to help manage or stabilise demand and improve outcomes for the vulnerable adults and children within the city that require support.

Adult Services Savings proposal	2020/21 £m	2021/22 £m	2022/23 £m	Total Saving £m
1. Contract efficiencies in Extra Care: Review the current commissioned model for additional support	-	(0.200)	-	(0.200)
2. Service efficiencies: Undertake a review of adult care packages where there is the potential to incorporate an asset based approach to meet eligible needs	-	(0.200)	-	(0.200)
Children Services Savings proposal	2020/21 £m	2021/22 £m	2022/23 £m	Total Saving £m
3. Further service efficiencies in the recruitment of foster carers: Increase the rate of recruitment and reduce the use of agency fostering placements. This builds on the programme that began last year which is demonstrating real success in securing foster placements within the City; providing increased stability for our looked after children and reducing expensive out of City placements	(0.200)	(0.200)	(0.200)	(0.600)
4. Service efficiencies in edge of care services and reconfiguration of the ‘front door’: Redesign the pathways of access and processes of referral into Children’s Social Care	(0.200)	(0.200)	(0.200)	(0.600)
5. Staffing efficiencies in early help: Conduct a management restructure in Early Help services resulting in a potential reduction in 2 full time equivalent staff	(0.100)	-	-	(0.100)

Communities and Place Directorate - Revenue Savings Proposals and Pressures

The total proposed savings and pressures for the Communities and Place Directorate in the MTFP are set out in Table 5 below.

Table 5: Savings and pressures for communities and place

	20/21 £m	21/22 £m	22/23 £m	Total £m
Savings:	(1.462)	(0.333)	(0.200)	(1.995)
Pressures:	3.327	0.941	*(1.069)	3.199

*Includes removal of one off pressures

The above table demonstrates the continued implementation of change programmes which were initiated in previous years (and agreed at Council in February 2019). We have also responded to a projected £2.2m increase in the cost of waste collection and disposal. If you wish to review in more detail, the existing and new savings are listed at Appendix 2 and pressures are listed in Appendix 3 of the 13 November 2019 [Cabinet report](#).

Communities and Place Directorate new proposed savings of £0.645m net

£1.35m of the savings included in the MTFP for Communities and Place have previously been identified and signed off by Council in February 2019 as part of last years budget planning process and are already being progressed. For the net difference of £0.645m new savings, our proposals are outlined below for your feedback as part of this consultation. We are continuing to both transform our services and target them direct to communities – this is key to our proposals. We have also sought to ensure that service efficiencies have minimal impact on front line service delivery and that we adopt a more commercial approach.

Communities and Place Savings proposals	2020/21 £m	2021/22 £m	2022/23 £m	Total Saving £m
1. Staffing efficiencies in Land, Flood and Drainage Reduction (Public Protection and Streetpride). This is a potential reduction in 3 full time equivalent posts	(0.113)	-	-	(0.113)
2. Service efficiencies in Trading Standards (Public Protection and Streetpride). This is a potential reduction in 3 full time equivalent posts	(0.091)	-	-	(0.091)
3. Income generation in parking: Additional income through the MiPermit App and Virtual Permits	(0.084)	-	-	(0.084)
4. Income generation in parking: Introduction of selective night time enforcement and introduction of second camera car	(0.080)	-	-	(0.080)
5. Service efficiencies from Allestree Park: Exploring options for the future of the golf course	-	(0.069)	-	(0.069)
6. Service efficiencies in libraries: further savings identified	(0.047)	-	-	(0.047)
7. Income generation in strategic housing: increase in income through HRA work	(0.040)	-	-	(0.040)

8. Service efficiencies in economic group: remodelling the funding for economic development	(0.038)	-	-	(0.038)
9. Income generation in parking through the introduction of the PCN online tool	(0.025)	-	-	(0.025)
10. Income generation in parking through enforcement using signage	(0.022)	-	-	(0.022)
11. Staffing efficiencies in traffic and transport: staffing efficiencies from a vacant post and removal of subsidy for the 17A bus service. This is a potential reduction in 0.43 full time equivalent posts	(0.020)	-	-	(0.020)
12. Contract efficiencies in parking: efficiencies through a new debt registration contract	(0.016)	-	-	(0.016)

Corporate Resources Directorate and Corporate Budgets - Revenue Savings Proposals and Pressures

The total proposed savings and pressures for the Corporate Resources Directorate and corporate budgets in the MTFP are set out in Table 6 below.

Table 6: Savings and pressures for corporate resources and corporate budgets

	20/21 £m	21/22 £m	22/23 £m	Total £m
Savings:	(1.735)	(0.578)	(0.795)	(3.108)
Pressures:	2.802	2.038	2.248	7.088

This table demonstrates that the Corporate Resources Directorate continues to make net efficiencies, building on significant net savings delivered in recent years. For the corporate budget pressures, our MTFP factors in the treasury management implications of the revised Capital Programme. If you wish to review in more detail, the existing and new savings are listed at Appendix 2 and pressures are listed in Appendix 3 of the 13 November 2019 [Cabinet report](#).

Corporate Resources and corporate budget new proposed savings of £1.754m net

£1.354m of the savings included in the MTFP for Corporate Resources and the corporate budget have previously been identified and signed off by Council in February 2019 as part of last year's budget planning process and are already being progressed. For the net difference of £1.754m new savings, our proposals are outlined below for your feedback as part of this consultation. Through these new proposals we continue to make significant savings on contract management arrangements; income generation; and improved management of our property estate. Other savings identified will be delivered across the organisation through the Change Derby Programme. The Change Derby programme was established during 2019/20, building on the previous Delivering Differently programme. It sets out six themes, which over the medium term will transform the way services are provided and co-produced with residents, businesses and partners.

Corporate resources	2020/21 £m	2021/22 £m	2022/23 £m	Total Saving £m
1. Contract efficiencies in IT: An application and contract review in IT services. This is a potential reduction in 3 full time equivalent posts	(0.163)	-	-	(0.163)
2. Postage savings: A reduction in postage costs in the Document Management Centre (DMC)	-	(0.025)	(0.075)	(0.100)
3. Staffing efficiencies in health and safety: This is a potential reduction in 1 full time equivalent post.	(0.045)	-	-	(0.045)
4. Income generation in property services: Increase in the identification and sale of small pieces of land to generate an ongoing revenue saving	(0.010)	(0.010)	(0.020)	(0.040)
5. Income generation in business support: The DMC to offer services to external partners	(0.025)	-	-	(0.025)
6. Income generation in business support: Additional income generation by the DMC	-	(0.010)	(0.010)	(0.020)
7. Income generation in democracy service due to the provision of the schools appeals service	(0.010)	-	-	(0.010)
8. Income generation in democracy service: Income through hiring the civic suite for functions/ tours	-	(0.005)	-	(0.005)
Corporate budget savings	2020/21 £m	2021/22 £m	2022/23 £m	Total Saving £m
9. Treasury management savings through a review	-	-	(0.596)	(0.596)
10. Council wide staffing efficiencies (layers and levels)	(0.250)	-	-	(0.250)
11. Council wide investments (commercialism)	(0.250)	-	-	(0.250)
12. Corporate income generation through annual leave purchases across all directorates	(0.150)	-	-	(0.150)
13. Staffing efficiencies through bringing trade union facility time into line with our comparator councils	(0.040)	-	-	(0.040)
14. Base budget realignment	(0.060)	-	-	(0.060)

Impact of these savings proposals on our workforce

The proposals in this report could potentially reduce the workforce by an estimated 48.23 full time equivalent posts if implemented.

- Corporate resources: an estimated 16.5 full time equivalent posts if implemented.
- People services: would potentially reduce the workforce by an estimated 2 full time equivalent posts if implemented.
- Communities and Place: would potentially reduce the workforce by an estimated 29.73 full time equivalent posts if implemented.

These post reductions would be managed through the deletion of vacancies where appropriate. Any redundancies would be carried out in line with the Council's Consultation, Restructuring and Redundancy Policy. Compulsory redundancies would be kept to an absolute minimum.

The Indicative Capital Programme

In February 2019, Council approved an ambitious Capital Programme for 2019/20 to 2022/23. This represented a significant investment in key areas such as:

- Modernisation, renewal and replacement of key council buildings (e.g. Leisure, Assembly Rooms)
- Economic regeneration of the city centre (e.g. Becketwell, One Cathedral Green)
- Investment into schools including provision of additional places
- Flood defence works
- Disabled Facility Grants.

During 2019/20, we have prioritised reviews of these current approved schemes to check they are still deliverable and on track. The key impact of this review was to slip 42% of the Capital Programme from 2019/20 to 2020/21 and beyond and also to assess the use of reserves to support the Capital Programme. This involves using prudential borrowing instead of the reserve funding we had originally planned. We have factored the financial implications of this into our MTFP. Additional funding of £9.2 million has been identified to invest into the highway infrastructure.

We are now proposing a three year Capital Programme totalling £200.526m for the years 2020/21 to 2022/23 as set out in the tables below².

Table 7: Summary Capital Expenditure Programme 2020/21 to 2022/23 - General Fund

Programme Area Expenditure	2020/21 Revised £m	2021/22 Original £m	2022/23 Original £m	Total £m
Schools	20.051	2.030	-	22.081
Housing General Fund	6.928	5.766	3.050	15.744
Property	27.294	19.544	0.037	46.875
Flood Defence	0.250	0.250	-	0.500
Highways & Transport	18.766	8.900	-	27.666
Vehicles Plant & Equipment	1.762	2.520	1.854	6.136
Regeneration	38.864	37.609	1.291	77.764
ICT	2.670	0.570	0.520	3.760
Total	116.585	77.189	6.752	200.526

The programme is funded through £47.485m of external funding, £153.038m of council resources (including borrowing)³.

² Set out in more detail at Appendix 5 of the 13 November 2019 [Cabinet report](#).

³ The revenue consequences of the Council funding are included within the MTFP.

Table 8: Summary Capital Funding 2020/21 to 2022/23

Funding Source	2020/21 Revised £m	2021/22 Original £m	2022/23 Original £m	Total £m
Supported Capital Expenditure Capital (SCE C)	18.643	1.517	0.037	20.197
Devolved SCE C Direct to Schools	0.300	0.300	-	0.600
Government Grants	11.058	9.931	2.989	23.978
External contributions	1.624	0.300	0.235	2.159
Section 106	0.552	-	-	0.552
Total External Funding	32.176	12.048	3.261	47.485
Funding Source	2020/21 Revised £m	2021/22 Original £m	2022/23 Original £m	Total £m
Funded By				
Capital Receipts	10.386	13.077	1.238	24.701
Revenue Funding	2.820	3.166	-	5.986
Serviced Financed Borrowing	16.156	19.241	2.024	37.421
Service Financed Invest to Save Borrowing	3.023	-	-	3.023
Potential Borrowing	52.024	29.657	0.229	81.910
Total Internal Resources	84.409	65.141	3.491	153.041
Total Funding	116.585	77.189	6.752	200.526

We will continue to build on the arrangements implemented in 2019/20 to strengthen the planning, governance and delivery of major capital schemes. We are revising our Capital Strategy to ensure that any future capital investment maximises the impact for our communities and businesses.