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Date: 24 August 2016

Dear Councillor,

**Finance and Management Committee**

A Meeting of the **Finance and Management Committee** will be held in the **Council Chamber**, on **Thursday, 01 September 2016** at **18:00**. You are requested to attend.

Yours faithfully,

Chief Executive

To:- **Conservative Group**

Councillor Harrison (Chairman), Councillor Mrs. Plenderleith (Vice-Chairman) and Councillors Atkin, Mrs. Coe, Mrs. Coyle Hewlett, Smith, Watson and Wheeler.

**Labour Group**

Councillors Rhind, Richards, Southerd and Wilkins.



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## **AGENDA**

### **Open to Public and Press**

- 1** Apologies and to note any substitutes appointed for the Meeting.
- 2** To receive the Open Minutes of the Meeting held on 16th June 2016  
  
16th June 2016 **4 - 9**
- 3** To note any declarations of interest arising from any items on the Agenda
- 4** To receive any questions by members of the public pursuant to Council Procedure Rule No.10.
- 5** To receive any questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 6** Reports of Overview and Scrutiny Committee
- 7** CORPORATE PLAN 2016-21 - PERFORMANCE REPORT (1 APRIL - 30 JUNE 2016) **10 - 41**
- 8** COCKSHUT LANE RECREATION GROUND, MELBOURNE SPORTS FACILITY PROJECT **42 - 44**
- 9** PROCUREMENT STRATEGY AND FRAMEWORK 2016 TO 2020 **45 - 66**
- 10** HEALTH AND SAFETY - QUARTERLY REPORT APRIL TO JUNE 2016 **67 - 71**
- 11** BUDGET AND FINANCIAL MONITORING 2016-17 **72 - 89**
- 12** LEASEHOLD FLAT INSURANCE **90 - 93**

**Exclusion of the Public and Press:**

14 The Chairman may therefore move:-

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

15 To receive the Exempt Minutes of the Meeting held on 16th June 2016  
16th June 2016 X

16 To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.

17 STRAY DOG COLLECTION AND KENNELING CONTRACT

18 ICT DEVELOPMENT PLAN



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FINANCE AND MANAGEMENT COMMITTEE

16<sup>h</sup> June 2016

**PRESENT:-**

**Conservative Group**

Councillor Harrison (Chairman), Councillor Mrs Plenderleith (Vice-Chairman) and Councillors Atkin, Mrs Coe, Mrs Coyle, Mrs Hall (substituting for Councillor Smith), Hewlett and Wheeler.

**Labour Group**

Councillors Rhind, Richards, Taylor (substituting for Councillor Southerd) and Wilkins.

FM/1 **APOLOGIES**

Apologies for absence from the Meeting were received on behalf of Councillors Smith, Watson (Conservative Group) and Southerd (Labour Group).

FM/2 **MINUTES**

The Open Minutes of the Meeting held on 28<sup>th</sup> April 2016 were taken as read, approved as a true record and signed by the Chairman.

FM/3 **DECLARATIONS OF INTEREST**

The Committee was informed that no declarations of interest had been received.

FM/4 **QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO 10**

The Committee was informed that no questions from members of the public had been received.

FM/5 **QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO 11**

The Committee was informed that no questions from Members of the Council had been received.

FM/6 **REPORTS OF THE OVERVIEW AND SCRUTINY COMMITTEE**

There were no reports of the Overview & Scrutiny Committee to consider.

**MATTERS DELEGATED TO COMMITTEE**

FM/7 **MINUTES**

The Minutes of the Audit Sub-Committee Meeting held on 30<sup>th</sup> March 2016 were submitted.

**RESOLVED:-**

***That the Minutes of the above Audit Sub-Committee Meeting be received and any recommendations contained therein approved.***

FM/8 **CORPORATE SERVICES PERFORMANCE MONITORING QUARTER 4 AND FINAL OUT-TURN 2015/16**

The Director of Finance and Corporate Services presented the report to Committee, drawing the Committee's attention to the latest situation regarding Benefits processing, Customer Services and the reduced sickness levels, also stating an aim to gain comparisons for the latter from other authorities.

Councillor Richards queried the trips and falls figures, the Director responding that most related to incidents at play schemes.

**RESOLVED:-**

***Members approved the performance of Corporate Services for 2015/16.***

FM/9 **CONSULTATION ANNUAL REPORT 2015/16**

**RESOLVED:**

***1) Members noted the key consultation achievements for 2015/16 as detailed in Appendix 1 to the report.***

***2) Members agreed the refreshed Consultation Action Plan 2016/17, as detailed in Appendix 2 to the report.***

FM/10 **COMMUNICATIONS ANNUAL REPORT 2015/16**

Councillor Wheeler referred to the cessation of the *Better* staff newsletter and queried if a summary of such information could be made available to Members, a request agreed to by the Chief Executive.

Councillor Taylor made reference to the apparent lack of knowledge of the red sack recycling scheme, suggesting that its promotion be improved.

**RESOLVED:**

***1) Members noted the Communications Annual Report 2015/16 in Appendix 1 to the report.***

- 2) ***Members approved the performance against the Communications Action Plan 2015/16, as detailed in Appendix 2 to the report.***
- 3) ***Members agreed the Council's revised Communications Action Plan for 2016/17, as outlined in Appendix 3 to the report.***
- 4) ***Members approved the proposed publicity/communication campaigns 2016/17, as shown in Appendix 4 to the report.***

FM/11 **DATA QUALITY STRATEGY ANNUAL REPORT 2015/16 AND ACTION PLAN 2016/17**

**RESOLVED:**

- 1) ***Members noted progress made against the Data Quality Strategy Action Plan 2015/16 in Appendix 1 to the report.***
- 2) ***Members approved the Action Plan 2016/17 in Appendix 2 to the report.***

FM/12 **CORPORATE EQUALITIES AND SAFEGUARDING ANNUAL REPORT 2015/16**

Councillor Wilkins stated that whilst he was aware that Council maintenance staff were trained in these issues, he queried the position in relation to contractors employed by the Council. The Director of Finance and Corporate Services confirmed that contractors were made aware of the Council's policies in this area and do occasionally submit reports.

**RESOLVED:**

- 1) ***Members approved the Corporate Equalities and Safeguarding Annual Report for 2015/16 for publication.***
- 2) ***Members noted progress made against the 2015/16 Corporate Equalities & Safeguarding Action Plan in Appendix 2 to the report.***
- 3) ***Members approved the Corporate Equalities and Safeguarding Action Plan for 2016/17, as detailed in Appendix 3 to the report.***

FM/13 **TRAINING AND DEVELOPMENT ANNUAL REPORT 2015/16**

The Director of Finance and Corporate Services presented the report to Committee, highlighting the issue of mandatory training, a matter being reviewed to address the attendance rates, including the methods of training delivery. The Chairman queried training provision when the current external contract terminates in 2017. The Director stated that this service will most likely transfer back in-house. Councillor Wheeler commented on the omission of Member training from the report. The Chief Executive confirmed that this information was available and could be reported to Council if required.

**RESOLVED:**

- 1) *Members noted the training activity across the Council in 2015/16.*
- 2) *Members approved the training and development priorities for 2016/17.*

FM/14 **HEALTH AND SAFETY ANNUAL REPORT 2015/16**

The Director of Finance and Corporate Services delivered the report to Committee, confirming that the Council had again achieved the ROSPA Gold Award standard. The Chairman noted the Committee's appreciation of the work of those officers involved in gaining this recognition.

Councillor Atkin queried the evacuation procedures for the residents of the Oaklands facility. The Chief Executive confirmed that the Oaklands emergency plan had been drafted in accordance with Fire Authority instruction.

**RESOLVED:**

*Members noted the key health and safety achievements and performance for the year ending March 2016 and endorsed the health and safety action plan that sets down the priority actions for 2016/17.*

FM/15 **COMPLIMENTS, COMPLAINTS AND FREEDOM OF INFORMATION (FOI) REQUESTS OCTOBER 2015 TO MARCH 2016**

The Chairman queried the situation relating to out of time FOI's. The Director of Finance and Corporate Services responded, stating that these referred to instances where the requested information was either complex and/or there were discussions regarding the ability to provide such information, for example, over conflicts with the Data Protection Act. The Chairman requested that future reports contain a comments column, in which such update information could be included.

**RESOLVED:**

*Members considered and noted the complaints and FOI requests, as detailed in the report.*

FM/16 **CORPORATE SERVICES DIRECTORATE – SERVICE PLAN 2016/17****RESOLVED:**

*Members approved the Service Plan for the Corporate Services Directorate as the basis for service delivery for 2016/17.*

FM/17 **CHIEF EXECUTIVE'S DIRECTORATE – SERVICE PLAN 2016/17**

The Chief Executive presented the report to Committee.

Councillor Wheeler noted, in particular, the Economic Development Team and their excellent work on behalf of the Council.

**RESOLVED:**

***Members approved the Service Plan for the Chief Executive's Directorate as the basis for service delivery over the period 1 April 2016 to 31 March 2017.***

FM/18 **STAFFING AMENDMENTS – COMMUNITY AND PLANNING DIRECTORATE**

The Director of Community and Planning Services presented the report to Committee, undertaking to regularly report back to the Committee with updates on progress.

**RESOLVED:**

***Members approved the following staffing amendments:***

- a) Appoint a Rosliston Forestry Centre Project Officer on a two year contract in partnership with the Forestry Commission.***
- b) Appoint a Business Improvement Assistant on an 18 month contract.***
- c) Appoint a Cultural Services Modern Apprentice on a 2 year contract.***
- d) Increase the contract of a Service Assistant role by one day per week for 18 months.***
- e) Appoint a replacement Planning Services Modern Apprentice on a 2 year contract, a 12 month extension to that previously approved.***

FM/19 **COMMITTEE WORK PROGRAMME 2016/17**

**RESOLVED:**

***Members considered and approved the updated work programme.***

FM/20 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

**RESOLVED:-**

***That, in accordance with Section 100(A)(4) of the Local Government Act 1972 (as amended), the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraphs of Part 1 of the Schedule 12A of the Act indicated in brackets after each item.***

**MINUTES**

***The Exempt Minutes of the Meeting held on 28<sup>th</sup> April 2016 were received.***

**TO RECEIVE QUESTIONS FROM MEMBERS OF THE COUNCIL  
PURSUANT TO COUNCIL PROCEDURE RULE NO. 11**

*The Committee was informed that no questions had been received.*

**DEBTS SUBMITTED FOR WRITE-OFF: FORMER TENANTS ARREARS  
(Paragraph 3)**

*The Committee approved the recommendations made in the Report.*

**LAND IN SWADLINCOTE (Paragraph 3)**

*The Committee approved the recommendations made in the Report.*

**LAND IN MELBOURNE (Paragraph 3)**

*The Committee approved the recommendations made in the Report.*

The meeting terminated at 6.50pm.

COUNCILLOR J HARRISON

CHAIRMAN

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT</b>	<b>AGENDA ITEM: 7</b>
<b>DATE OF MEETING:</b>	<b>1st SEPTEMBER 2016</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>CORPORATE MANAGEMENT TEAM</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (EXT. 5811)</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>CORPORATE PLAN 2016-21: PERFORMANCE REPORT (1 APRIL – 30 JUNE 2016)</b>	
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: G</b>

## 1.0 Recommendations

1.1 That progress against performance targets is considered.

## 2.0 Purpose of Report

2.1 To report progress against the Corporate Plan for the period 1 April to 30 June under the themes of People, Place, Progress and Outcomes.

## 3.0 Detail

3.1 The Corporate Plan 2016 – 2021 was approved following extensive consultation into South Derbyshire's needs, categorising them under four key themes: People, Place, Progress and Outcomes. The Corporate Plan is central to our work – it sets out our values and visions for South Derbyshire and defines our priorities for delivering high-quality services.

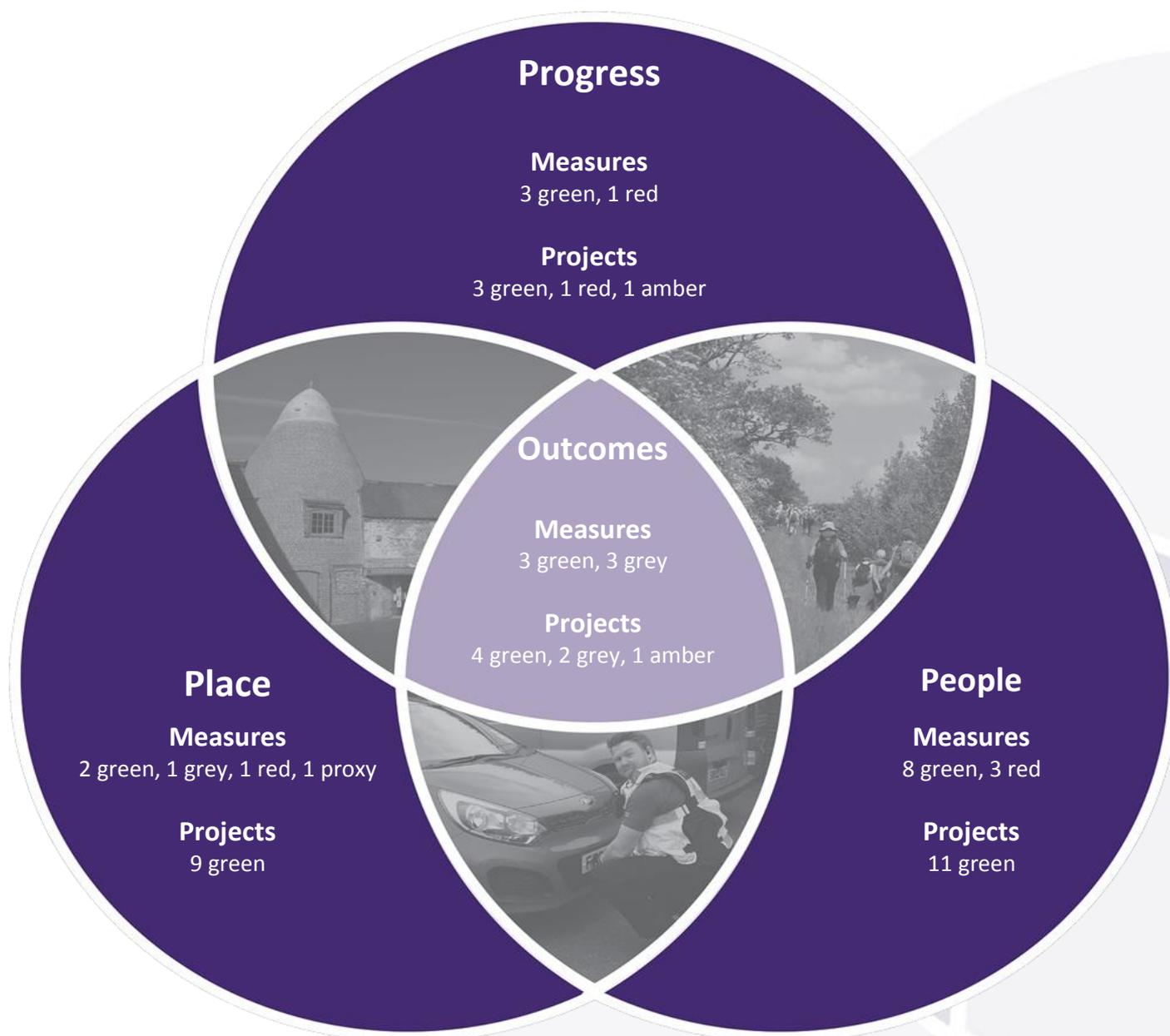
3.2 This Committee is largely responsible for overseeing the delivery of successful Outcomes. These are as follows:

- Maintain financial health
- Achieve proper Corporate Governance
- Maintain customer focus
- Be aware of and plan for financial, legal and environmental risks
- Promote and enable active democracy
- Enhance environmental standards
- Maintain a skilled workforce
- Promote inclusion

3.3 Of the 15 measures and projects under the jurisdiction of the Finance and Management Committee, nine are showing green, four grey, one amber and only one red. It should be noted that 'the average working days lost per employee' has now been added as a strategic measure under the 'maintain a skilled workforce aim'.

3.4 More information can be found in the Performance Board in **Appendix A**. A detailed breakdown of performance for Finance and Management is available in the Success Areas and Performance Action Plan documents (**Appendices B and C respectively**), while associated risks are contained in the risk registers in **Appendix D**.

#### 4.0 Overall Council performance – Quarter one (April 1 to June 30, 2016)



#### 5.0 Financial and Corporate Implications

5.1 None directly.

#### 6.0 Community Implications

6.1 The Council aspires to be an “excellent” Council in order to deliver the service expectations to local communities. This report demonstrates how priorities under the People, Place and Progress and Outcomes themes contribute to that aspiration.

#### 7.0 Appendices

- Appendix A – Performance Board
- Appendix B – Finance and Management: Success Areas
- Appendix C – Finance and Management: Performance Action Plan
- Appendix D – Risk registers

# Appendix A - Performance Board

## Quarter 1 (April 1 to June 30 2016)

People Measures						
Action	Measure	Q1 target	Q1 actual	2016/17 target	Last quarter	Detail
<b>PE1: Enable people to live independently</b>						
Provide an efficient and well-targeted adaptation service	% of adapted properties allocated on a needs basis <b>PE1.1</b>	>90%	88.24%	>90%	N/A	See Action Plan. <b>H&amp;CS</b>
	% of residents very or fairly satisfied with the quality of their new home <b>PE1.2</b>	>88%	90%	>88%	N/A	67 surveys returned. 43 from re-let properties and 24 from new builds. <b>H&amp;CS</b>
<b>PE2: Protect and help support the most vulnerable, including those affected by financial challenges</b>						
Maintain regular contact with tenants, with a focus on those identified as 'vulnerable'	Total number of tenancy audits completed <b>PE2.1</b>	250	298	1,000	N/A	The tenancy audit visits have identified that 203 tenants are deemed to be 'low risk', 78 are 'medium risk', 6 are 'high risk' and 11 are at 'acute risk'. Action plans are completed for all medium, high and acute risk tenants and referrals are made to the relevant support agencies. <b>H&amp;CS</b>

	Number of successful introductory tenancies <b>PE2.2</b>	>85%	98%	>85%	N/A	50 tenancy visits due to be carried out during Q1, 49 successfully completed and transferred to secure tenancies. One tenancy was terminated during Q1 due to arrears/ASB.  <b>H&amp;CS</b>
<b>Process benefit claims efficiently</b>	Average time for processing new Benefit claims <b>PE2.3</b>	<18 Days	33 days	<18 days	N/A	See Action Plan.  <b>F&amp;M</b>
	Average time for processing notifications of changes in circumstances <b>PE2.4</b>	<8 Days	7.8 Days	<8 Days	N/A	Although new claims were over target, the automation of changes notified to the Council continues to help performance in this area.  <b>F&amp;M</b>
<b>PE4: Increase levels of participation in sport, health, environmental and physical activities</b>						
<b>Delivery of sport, health and physical and environmental activity opportunities</b>	Number of sport, health, physical activity and play scheme participations <b>PE4.1</b>	5,450	10,445	27,400	N/A	Target numbers were initially reduced for 2016/17 due to externally funded projects coming to an end. However, with delivery partners continuing with provision and the successful introduction of parkrun, increased participation has been achieved.  <b>H&amp;CS</b>

	Number of Environmental Education participations <b>PE4.2</b>	1,250	4,103	5,250	N/A	The Waste less, Save more project has added more than 1,400 participations to the totals for this quarter.  <b>H&amp;CS</b>
	Number of Parklife opportunities <b>PE4.3</b>	100	780	500	N/A	A wide variety of activities have been delivered on the parks including wildlife surveys, the Queen's 90th birthday beacon lighting, Newhall Park activity day, the weekly senior tennis group and the outdoor table tennis launch.  <b>H&amp;CS</b>
<b>PE5: Reduce the amount of waste sent to landfill</b>						
<b>Minimise waste sent to landfill</b>	Household waste collected per head of population <b>PE5.1</b>	<125 kgs	120kgs	<510 kgs	N/A	We need to average less than 127.5kgs per quarter to achieve annual target.  <b>E&amp;DS</b>
	% of all collected waste recycled and composted <b>PE5.2</b>	>55%	52.9%	>50%	N/A	See Action Plan.  <b>E&amp;DS</b>

## People Projects

Action	Q1 target	Q1 actual	2016/17 target	Last quarter	Detail
<b>PE1: Enable people to live independently</b>					
<b>Support the voluntary and community sector to enable people to maintain living independently</b>	Support promotion of voluntary and community sector to Elected Members	On track. See Detail column.	Maintain SDDC grant funding to the voluntary and community sector <b>PE1.3</b>	N/A	Members appointed to voluntary sector bodies and officer attending meetings. Citizens Advice presented project at Parish Liaison Group.  <b>F&amp;M</b>
<b>Continue to contribute to the county wide review of Disabled Facilities Grants (DFGs)</b>	Implementation of appropriate recommendations	On track. See Detail column.	All recommendations implemented by April 1, 2017 <b>PE1.4</b>	N/A	Final confirmation from Derbyshire County Council of the 2016/17 budget commitment is pending. Estimated budget requirement submitted to DCC is £350K. Once the budget has been confirmed and the restructure of the Housing department has taken place this project can be progressed further.  <b>H&amp;CS</b>
<b>Expand the use of Telecare services to increase independence</b>	Conduct a full review of our current supported housing products and services	On track. See Detail column.	Provide a value for money Supported Housing product. <b>PE1.5</b>	N/A	Local GP services mapped to assess localities covered. Meetings held with GP groups to discuss referral routes to Careline.  <b>H&amp;CS</b>
<b>PE2: Protect and help support the most vulnerable, including those affected by financial challenges</b>					
<b>Approval and implementation of South Derbyshire as a Dementia friendly District</b>	Develop SDDC DAA (Dementia Action Alliance) action plan	On track. See Detail column.	Work progressed towards Dementia Friendly Community status <b>PE2.5</b>	N/A	SDDC Dementia Action Plan developed and approved at Committee.  <b>H&amp;CS</b>

<b>Provide a service for homeless applicants which is nationally recognised as delivering 'best practice'</b>	Conduct peer reviews of neighbouring authorities	On track. See Detail column.	To attain NPSS Standard for Homelessness <b>PE2.6</b>	N/A	North East Derbyshire visited and assessed. Learning disseminated to SDDC action plan for National Practitioner Support Service (NPSS) accreditation.  <b>H&amp;CS</b>
<b>Develop a Community Champion Scheme through volunteer development</b>	Review council and voluntary sector volunteering structure	On track. See Detail column.	Establish approved scheme <b>PE2.7</b>	N/A	Draft SDDC volunteering policy and action plan produced. Meetings held with CVS to discuss future of volunteering.  <b>H&amp;CS</b>

**PE3: Use existing tools and powers to take appropriate enforcement action**

<b>Publish and annually review a single Enforcement Policy covering all SDDC regulatory activity</b>	Identification of all services which fall within scope. Quarterly report on enforcement activity to Overview and Scrutiny Committee	On track. See Detail column.	Develop and publish a Corporate Enforcement Policy <b>PE3.1</b>	N/A	All services relevant to the project have been scoped and contacted. A draft Enforcement Policy has been issued for internal consultation. All services deemed likely to make a contribution have been contacted and a draft Committee report format circulated for consultation.  <b>H&amp;CS/E&amp;DS</b>
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**PE4: Increase levels of participation in sport, health, environmental and physical activities**

<b>Develop a Healthy Communities approach for SD</b>	Submit SDDC application	On track. See Detail column.	Work towards Healthy Communities Accreditation <b>PE4.4</b>	N/A	SDDC successfully awarded Healthy Communities Status and is now a full member of the Healthy Cities network <a href="http://healthycities.org.uk">http://healthycities.org.uk</a> Key priorities for the year are: <ul style="list-style-type: none"> <li>• Physical activity</li> <li>• Urban planning and growth</li> </ul> <b>H&amp;CS</b>
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<p><b>Develop a Sport, Health and Physical Activity Strategy</b></p>	<p>Agree strategy framework</p>	<p>On track. See Detail column.</p>	<p>Strategy developed and implemented <b>PE4.5</b></p>	<p>N/A</p>	<p>Strategy timeline and framework agreed at H&amp;CS Committee in June and at South Derbyshire Sport. On track at quarter one - research to be conducted behind the scenes to help inform strategy direction.</p> <p><b>H&amp;CS</b></p>
<p><b>PE6: Develop the workforce of South Derbyshire to support growth</b></p>					
<p><b>Stage a careers fair for young people and jobseekers</b></p>	<p>Stage Jobs and Skills Fair 2016 Minimum of 50 exhibitors to attend Minimum of 100 attendees</p>	<p>On track. See Detail column.</p>	<p>Deliver event, review and plan for 2017 fair <b>PE6.1</b></p>	<p>N/A</p>	<p>Fair staged with 50 exhibitors. 644 adults and 238 young people attended. Exhibitors offered job opportunities, plus a range of apprenticeships, training courses, volunteering places and self-employment support. The early part of the day was reserved for school pupils to 'have a go' at new skills, explore future education and training opportunities and learn about local employers.</p> <p><b>E&amp;DS</b></p>
<p><b>Increasing school engagement to raise aspirations</b></p>	<p>Project to report to South Derbyshire Partnership Board</p>	<p>On track. See Detail column.</p>	<p>Schools agree to work with SDDC <b>PE6.2</b></p>	<p>N/A</p>	<p>Work ongoing with SDDC supporting both strategic and operational working groups. Progress update scheduled for the next South Derbyshire Partnership Board meeting.</p> <p><b>H&amp;CS</b></p>

## Place Measures

Action	Measure	Q1 target	Q1 actual	2016/17 target	Last quarter	Detail
<b>PL1: Facilitate and deliver a range of integrated and sustainable housing and community infrastructure</b>						
<b>Increase the supply and range for all affordable housing provision</b>	Increased supply of affordable homes <b>PL1.1</b>	Proxy	45	Proxy	N/A	<p>Work is now complete at three sites in the District, including the 23 affordable home development in Coton Park, Linton; eight semi-detached houses and two semi-detached bungalows in Pennine Way, Swadlincote and 12 semi-detached family homes in Lullington Road, Overseal.</p> <p><b>H&amp;CS/E&amp;DS</b></p>
<b>Deliver Housing Asset Management Strategy</b>	Deliver against targets set out in the Asset Management Strategy Action Plan <b>PL1.2</b>	Targets to be finalised once strategy is adopted at the end of Q1.	Not possible to set targets in Q1.	Targets to be finalised once strategy is adopted in Q3	N/A	<p>The Asset Management Strategy, with the action plan, is due to be completed in October and presented to H&amp;CS. Consultation with tenants and Members has taken place and priorities agreed. Progress against the objectives and measures will be reported in Q3.</p> <p><b>H&amp;CS</b></p>

**PL3: Help maintain low crime and anti social behaviour levels in the District**

<b>Deliver a programme of proactive interventions to reduce environmental crime and anti-social behaviour</b>	Downward trend in fly-tipping incidents <b>PL3.1</b>	<168	142	<673	N/A	20% reduction in fly-tipping compared to the same period last year. Four prosecutions in the last 12 months, extensive local and national media coverage plus recent adoption of the use of Fixed Penalty Notices for rapid case conclusions in lower level offences.  <b>E&amp;DS</b>
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**PL4: Connect with our communities, helping them to feel safe and secure**

<b>Reduce number of noise complaints</b>	Reduce number of noise complaints. <b>PL4.1</b>	<5.2 complaints per 1,000 people	5.7	Q2 <5.5 Q3 <4.8 Q4 <4.6	N/A	See Action Plan.  <b>E&amp;DS</b>
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**PL6: Deliver services that keep the District clean and healthy**

<b>Reduce contaminated risk rating of land</b>	Number of contaminated land assessments <b>PL6.1</b>	One contaminated land assessment completed	1	Four contaminated land assessments completed	N/A	Assessment completed for the Rowley Court development in Swadlincote. This identified a 'medium' risk of the presence of contaminants from its former use as a railway and pipeworks. Further assessment and mitigation will be undertaken proportionate to the risk.  <b>E&amp;DS</b>
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## Place Projects

Action	Q1 target	Q1 actual	2016/17 target	Last quarter	Detail
<b>PL1: Facilitate and deliver integrated and sustainable housing and community infrastructure</b>					
<b>Deliver an adopted South Derbyshire Local Plan, Parts 1 and 2</b>	Complete Part 1. Main modifications/consultation. Adoption of Part 1.	On track. See Detail column.	Plan adopted <b>PL1.3</b>	N/A	Main modifications consultation completed and Local Plan Part 1 adopted.  <b>E&amp;DS</b>
<b>Increase the supply and range of affordable housing provision</b>	Preparatory work on Supplementary Planning Document (SPD).	On track. See Detail column.	Framework to review rural housing needs developed. Develop affordable housing SPD. <b>PL1.4</b>	N/A	Draft Supplementary Planning Document completed and subject to due diligence.  <b>H&amp;CS</b>
<b>Consider the introduction of a Community Infrastructure Levy</b>	Review of action plan	On track. See Detail column.	Informed decision made <b>PL1.5</b>	N/A	Research being undertaken to enable completion of report. Draft report to committee commenced.  <b>E&amp;DS/F&amp;M</b>
<b>PL2: Enhance understanding of the planning process</b>					
<b>Support the development of Neighbourhood Plans</b>	Assistance promoted via Parish Briefings	On track. See Detail column.	Level of support provided to interested parties <b>PL2.1</b>	N/A	Meetings held with Neighbourhood Plan groups. Draft plans being considered for Repton and Melbourne.  <b>E&amp;DS</b>
<b>PL3: Help maintain low crime and anti-social behaviour levels</b>					
<b>Review, publish and deliver the Safer South Derbyshire Community Safety Partnership Plan</b>	Deliver the actions and objectives within the Partnership Plan	On track. See Detail column.	Plan published. Actions within the plan delivered. <b>PL3.2</b>	N/A	Plan adopted. Delivery underway including: hate crime awareness sessions, domestic violence campaign and leaflet drops to combat acquisitive crime.  <b>H&amp;CS</b>

**PL5: Support provision of cultural facilities and activities**

<b>Introduce and progress the Sport, Recreation and Open Space Facility Strategy</b>	Adopt strategy	On track. See Detail column.	Number of facilities enhanced <b>PL5.1</b>	N/A	Key strategy principles established and priority actions for open space, sports and community facilities approved.  <b>H&amp;CS</b>
<b>Implement and manage the leisure facility capital build programme</b>	Open Grove Hall Active Zone	On track. See Detail column.	Facilities completed.  External investment and grants brought to district <b>PL5.2</b>	N/A	Grove Hall Active Zone fully operational with Apex Climbing Centre opened in June.  <b>H&amp;CS/F&amp;M</b>
<b>Introduce and progress the District Cycle Plan, including an annual cycle event</b>	Produce cycling promotional plan	On track. See Detail column.	Develop and implement action plan. Number of opportunities offered <b>PL5.3</b>	N/A	Promotional plan and activity programme for Women's Tour produced. Event saw significant public support along the route.  <b>H&amp;CS</b>

**PL6: Deliver services that keep the District clean and healthy**

<b>Ensure that food, water, housing, land and air all meet designated standards for human health</b>	Publish an air quality progress report for 2015	On track. See Detail column.	Air Quality meets Directive 2008/50/EC and the Air Quality Strategy standard <b>PL6.2</b>	N/A	Annual Status Report approved by E&DS on June 2. The report evidenced air quality across South Derbyshire met all statutory standards in 2015.  <b>E&amp;DS</b>
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## Progress Measures

Action	Measure	Q1 target	Q1 actual	2016/17 target	Last quarter	Detail
<b>PR2: Unlock development potential and ensure the continuing growth of vibrant town centres</b>						
<b>Delivery of Swadlincote Townscape project</b>	Number of target buildings offered grants. Number of shops improved. <b>PR2.1</b>	1	0	2	N/A	See Action Plan. <b>E&amp;DS</b>
<b>PR3: Work to maximise the employment, training and leisure uses of The National Forest by residents and increase the visitor spend to tourists</b>						
<b>Support the development of the tourism sector</b>	Tourist centre enquiries handled. <b>PR3.1</b>	>5,000	12,303 enquiries handled.	>20,000	N/A	The TIC has supported a range of Council events and initiatives, including handling enquiries and bookings for The National Forest Walking Festival, assisting the organisers of the Maker's Market at Mercia Marina and working with partners to develop new walking and cycling routes. <b>E&amp;DS</b>
<b>PR5: Provide business support and promote innovation and access to finance, including in rural areas</b>						
<b>Maximise the prosperity of businesses in South Derbyshire through the delivery of the Better Business Regulation Partnership action plan</b>	Number of food businesses which have a Food Hygiene Rating score of 5 <b>PR5.1</b>	>75%	80.6%	>75%	N/A	Continued improvement in businesses meeting the highest standards as we continue to develop positive relationships with retail food businesses. <b>E&amp;DS</b>

	<p>Number of registered food businesses active in the District</p> <p><b>PR5.2</b></p>	>790	803	>790	N/A	<p>Food and drink is one of the eight regional priority business sectors for growth. Through our food hygiene inspection service we support business sustainability as well as enforce the law.</p> <p><b>E&amp;DS</b></p>
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## Progress Projects

Action	Q1 target	Q1 actual	2016/17 target	Last quarter	Detail
<b>PR1: Work to attract further inward investment</b>					
<b>Launch new Economic Development Strategy</b>	Strategy preparation complete	See Action Plan.	New five-year strategy launched and actions from it delivered <b>PR1.1</b>	N/A	See Action Plan.  <b>E&amp;DS</b>
<b>PR2: Unlock development potential and ensure the continuing growth of vibrant town centres</b>					
<b>Delivery of Swadlincote Townscape Project</b>	Recruit Town Crier.	See Action Plan.	Delivery of Activity Plan <b>PR2.2</b>	N/A	See Action Plan.  <b>E&amp;DS</b>
	Initiate tender process	On track. See Detail column.	Enhancement of Diana Memorial Garden <b>PR2.2</b>	N/A	Consideration of tenders pending.  <b>E&amp;DS</b>
<b>Organise and/or support town centre events</b>	Wedding Fair  Farmers' Market  Festival of Transport  Mercia Market	On track. See Detail column.	Events delivered and/or supported <b>PR2.3</b>	N/A	All events held. A town centre Wedding Fair was staged for the first time and saw 50+ wedding-related businesses, from florists to travel agents. open on the Sunday. The Town Hall staged a catwalk display of wedding outfits and suppliers took stalls at the Ski Centre and Sharpe's Pottery.  <b>E&amp;DS</b>

**PR4: Help to influence and develop the infrastructure for economic growth**

<b>Review and update the Infrastructure Delivery Plan</b>	Review the current plan.	On track. See Detail column.	Plan published. <b>PR4.1</b>	N/A	Review is underway. Assessment of amendment requirements for Part 2 to be reviewed. <b>E&amp;DS</b>
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## Outcomes Measures

Action	Measure	Q1 target	Q1 actual	2016/17 target	Last quarter	Detail
<b>O1: Maintain financial health</b>						
<b>Deliver a balanced general fund</b>	5-year General Fund reserve balance is minimum of £1m by 2021. <b>O1.1</b>	Annual target	Annual target	General Fund Reserve Balance at £6.2m as at 31 <sup>st</sup> March 2017.	N/A	Target as per the Financial Strategy. The longer-term target will be regularly monitored as part of the MTFP.  <b>F&amp;M</b>
	A balanced General Fund budget by 2018/19. <b>O1.2</b>	Annual target	Annual target	A strategy and savings plan agreed by the Council.	N/A	Target as per the Financial Strategy. The longer-term target will be regularly monitored as part of the MTFP.  <b>F&amp;M</b>
<b>Maximising income</b>	Generate income from New Homes Bonus, Business Rates and sweating of assets. <b>O1.3</b>	Annual target	Annual target	Income from Business Rates and New Homes Bonus is £6m at March 2017.	N/A	Target included in the MTFP.  <b>F&amp;M</b>
<b>Maximise rental income to help the Council achieve its aim of doing more with less</b>	Rent collected from current and former tenants as % rent due (excluding arrears b/f) <b>O1.4</b>	99.9%	101.44%	99.9%	N/A	Rent and service charges due for Q1 was £3,123,304.32. Total rent and service charges collected from current and former tenants including housing benefit overpayments is £3,133,897.95.

						This does not include current and former tenants arrears brought forward from previous year. <b>H&amp;CS/F&amp;M</b>
<b>O3: Enhance environmental standards</b>						
<b>Strive to be more energy efficient.</b>	Annual improvements in the energy consumption of public buildings <b>O3.1</b>	3%	5.89%	3%	N/A	63.30 MWh reduction on Q1 2015/16. Continues positive performance at the Civic Offices and Etwall LC. Etwall realised a 23% reduction in gas consumption. <b>E&amp;DS</b>
<b>O4: Maintain a skilled workforce</b>						
<b>To strengthen measures and support employees to reduce absence due to sickness/ill-health and to promote a healthy workforce.</b>	The average working days lost per employee is less than 8 days per year (2 days per quarter) <b>O4.1</b>	<2 days	1.55 days	<8 days	N/A	Based on performance to date, the out-turn for the year is projected at 6.2 days and would be better than the 2015/16 figure of 7.9 days. Although this is early in the year, performance continues the positive trend in reducing absence across the Council. <b>F&amp;M</b>

## Outcomes Projects

Action	Q1 target	Q1 actual	2016/17 target	Last quarter	Details
<b>O1: Maintain financial health</b>					
<b>Keep under review priorities into which available funds may be invested in communities</b>	Annual target	Annual target	Key priority areas evaluated and agreed by Finance and Management Committee. To be considered as part of 2017/18 Budget round. <b>O1.5</b>	N/A	To be considered as part of 2017/18 Budget Round in Q3.  <b>F&amp;M</b>
<b>Explore potential commercialisation opportunities and identify areas for competing with the private sector</b>	Establish Business Improvement team within Community and Planning	On track. See Detail column.	Deliver process reviews <b>O1.6</b>	N/A	Committee approval secured to establish team. Recruitment underway for Business Improvement Assistant.  <b>All Committees</b>
<b>O2: Achieve proper corporate governance</b>					
<b>Maintain a proper Risk Management Framework</b>	Update Risk Registers in accordance with new Corporate and Service Plans	On track. See Detail column.	Strategic and service risk registers reviewed, updated and reported to Committees on a quarterly basis <b>O2.1</b>	N/A	Updated registers shown as appendices to the Performance Board.  <b>All Committees</b>
<b>O3: Enhance environmental standards</b>					
<b>Maintain ISO 14001 certification in environmental management</b>	Hold annual senior environmental management review	See Action Plan.	Achieve ISO 14001 certification <b>O3.2</b>	N/A	See Action Plan.  <b>E&amp;DS</b>

O4: Maintain a skilled workforce					
Maintain a skilled workforce	Annual target	Annual target	Investors in People standard for staff development maintained <b>O4.2</b>	N/A	Job competencies to be reviewed during Q2 and Q3 following review of current training and development programme  <b>F&amp;M</b>
O5: Maintain customer focus					
Design and deliver a new website that allows customers to search and find information easily and quickly	Specification drawn up, tender process started.	On track. See Detail column.	New website launched <b>O5.1</b>	N/A	Soft market testing undertaken. Formal procurement exercise in progress with tenders currently being evaluated.  <b>F&amp;M</b>
O6: Be aware of and plan for financial, legal and environmental risks					
Improve resilience to the local impacts of climate change and emergency responses.	Continue to monitor and evaluate opportunities for proactive climate change mitigation and adaptation across the District and internally.	On track. See Detail column.	Deliver campaigns to mitigate and aid adaptation of climate change and flooding <b>O6.1</b>	N/A	Programme of internal (departmental) evaluation underway, timeframes established for a proposed climate change mitigation and adaptation strategy across SDDC.  <b>E&amp;DS</b>

Measures and projects outlined in green are on track.

Measures and projects outlined in grey have a single, annual target and are not measured on a quarterly basis.

Measures and projects outlined in purple are proxy.

Actions being taken on indicators currently not on target (coloured in red and amber) are outlined in the Action Plan in Appendix C.

# Finance and Management Committee Strategic and Service Success Areas Quarter 1 2016

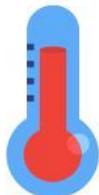
## Appendix B



**7.8 days**

8 days target

Time taken for processing changes in circumstances for Benefit recipients.



**1.55 days**

2 days quarter target

Sickness absence (1.55 days for the quarter) is projected at 6.2 days for the year (compared to 7.9 days in 2015/16).



**101.44%**

99.9% target

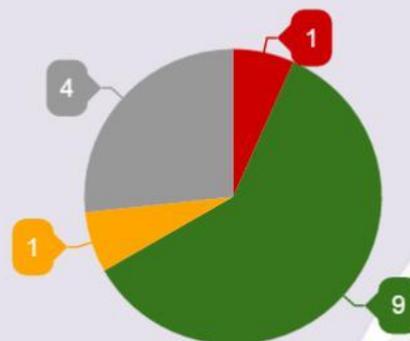
Rent collected from current and former tenants (this does not include arrears brought forward).



**BI Team**

A Business Improvement Team has been established within Community and Planning to help the Council do more with less.

## F+M Performance Overview



Red (6.67%) Green (60.00%) Amber (6.67%) Annual Target (26.67%)



**Website**

A formal procurement exercise has been undertaken to deliver a new website, with tenders now being evaluated.



**PCC Election**

Hardyal Dhindsa was named as the Police and Crime Commissioner for Derbyshire after successful elections took place.



**EU Referendum**

The EU Referendum was held, with 22,479 votes to remain and 34,216 to leave in South Derbyshire. The turnout was 76.8%.



**Tenancy**

The new tenancy agreement, designed to be easier to understand and comply with the law, went live in June.



**Equalities**

The Corporate Equalities and Safeguarding Annual Report, including an action plan for the year ahead, has been approved.



**Grove Hall**

The Grove Hall Active Zone in Swadlincote is fully operational, with the climbing centre open to the public.

## Appendix C



**33**

days

**Target 18 days**



**Theme – People Action – PE2.3** Average time taken to process new Benefit claims

**Target vs performance –** Q1 target - less than 18 days. Q1 actual – 33 days.

**Trend (compared to last quarter) –** Last quarter – 15.21 days

**Background –** The introduction of further Welfare Reforms and an increase in Council Tax across South Derbyshire preceptors is believed to have created a spike in demand with 186 new claims between April and May. **Key actions underway –** This was a temporary situation and a backlog was substantially reduced by the end of June, with 13 claims outstanding with a maximum age profile of one week. Additional resources were put in place.

**Opportunities/risks –** It should be noted that a high number of the new claims did not qualify for Benefits. This will be monitored moving forward.

**There is ONE action for Finance and Management.**

# Chief Executive's Risk Register

Theme/aim	Risk description	Likelihood	Impact	Risk Treatment	Mitigating action	Responsible officer
Outcomes/ Delivery of Service	Failure to meet statutory deadlines in relation to the licensing function, unable to process licences, leading to individuals unable to trade, legal issues, complaints	Low	Medium	Treat	<ul style="list-style-type: none"> <li>Processes and procedures are in place to ensure all matters are processed within statutory time-frame</li> <li>Staff trained and aware of Authority's duties</li> <li>Keep under review</li> </ul>	Ardip Kaur
Outcomes/ Delivery of service	Failure to meet statutory deadlines and/or statutory functions during litigation, contractual matters, land sales/purchases, enforcement matters	Low	High	Treat	<ul style="list-style-type: none"> <li>Qualified officers with professional training and experience</li> <li>Processes and procedures are in place to ensure compliance</li> <li>Case management reviews</li> <li>Keep under review</li> </ul>	Ardip Kaur
Outcomes/ Delivery of service	Non-performance of local government statutory duties at Committee and Council meetings	Low	Medium	Treat	<ul style="list-style-type: none"> <li>Compliance with Council's Constitution</li> <li>Processes and procedures in place</li> <li>Strict adherence to timetable</li> </ul>	Ardip Kaur

Outcomes/ Delivery of service	Failure to meet statutory deadlines for the canvass and in compiling and publishing the Register	Low	High	Treat	<ul style="list-style-type: none"> <li>• Processes and procedures in place</li> <li>• Experienced officers carry out process</li> <li>• Close Monitoring</li> </ul>	Ardip Kaur
Outcomes/ Delivery of service	Failure to meet statutory responsibilities, denying right of franchise at Election/ Referendum time	Low	High	Treat	<ul style="list-style-type: none"> <li>• Processes and procedures in place</li> <li>• Strict adherence to statutory timetable</li> <li>• Assistance from Electoral Commission available, when needed</li> <li>• Support staff employed to assist</li> <li>• Close monitoring</li> </ul>	Ardip Kaur
Progress/ Work to maximise the employment, training and leisure uses of The National Forest by residents and increase the visitor spend by tourists	Failure of National Forest & Beyond tourism partnership leading to an adverse impact on businesses in local visitor economy	Low	Medium	Treat	<ul style="list-style-type: none"> <li>• Proactive engagement in partnership and with individual partners</li> <li>• Commitment of Officer time and resources to partnership activities</li> <li>• Monitoring of projects and performance</li> </ul>	Mike Roylance
Progress/ People/ Place	Failure of the South Derbyshire Partnership leading to non- delivery of the community's vision and priorities as set out in the Community Strategy and Action Plan	Low	Medium	Treat	<ul style="list-style-type: none"> <li>• Proactive support for partnership</li> <li>• Commitment of Officer time and resources to Partnership facilitation</li> <li>• Engagement of partners in policy making and project design and delivery</li> </ul>	Mike Roylance

<p>Progress/ Work to attract further inward investment</p>	<p>Downturn in the local economy leading to a loss of jobs, business failures, and a reduction in income to the Council (e.g. Business Rate income; Take-up of commercial properties, etc)</p>	<p>Medium</p>	<p>High</p>	<p>Treat</p>	<ul style="list-style-type: none"> <li>• Monitoring of economic trends</li> <li>• Economic Development Strategy designed to increase robustness of local economy</li> <li>• Delivery of economic development activities including provision of South Derbyshire Business Advice Service</li> </ul>	<p>Mike Roylance</p>
<p>Progress/ Work to maximise the employment, training and leisure uses of The National Forest by residents and increase the visitor spend by tourists</p>	<p>Failure of Sharpe's Pottery Heritage &amp; Arts Trust, leading to a loss of service to visitors and residents through the Tourist Information Centre</p>	<p>Medium</p>	<p>High</p>	<p>Treat</p>	<ul style="list-style-type: none"> <li>• Officer advice and support available to Trust</li> <li>• Member involvement in Trust Board</li> <li>• Monitoring of services and performance</li> </ul>	<p>Mike Roylance</p>



# Corporate Services Directorate Operational Risk Register

Theme/aim	Risk description	Likelihood	Impact	Risk Treatment	Mitigating action	Responsible officer
Protect and support the most vulnerable including those affected by financial challenges	On-going Welfare Reform and the impact of Universal Credit. Potential impact on the Directorate's resources.	High	Medium	Treat the risk	<p>This risk is currently evident. However, Central Government funding is being used to improve systems and processes. Staff being trained and kept informed. Work commenced to help claimants access Benefits, including the provision of community points.</p> <p><i>No change in the status of this risk from that approved.</i></p>	Client Services Manager
Maintain financial health	A small discrete unit has responsibility for leading on this theme. The Unit is sensitive to a temporary change in resources.	Low	Medium	Treat the risk	<p>Training and sharing knowledge across the Unit is essential to mitigate the risk and this is currently in place. The current structure of Financial Services was implemented in September 2015. All posts now occupied by suitably experienced and qualified people. Three trainee posts in place with post holders undergoing formal training programmes, both academically and practically. Training and development programme in place for all staff.</p> <p><i>No change in the status of this risk from that approved.</i></p>	Director of Finance and Corporate Services

Growth and Regeneration	Potential impact on the Directorate's resources	High	Medium	Treat the risk	<p>In particular, this risk is currently evident in the Land Charges Unit with a steady increase in requests for personal searches and additional information required for conveyances. This is increasing turnaround times. In 2015, the Council approved additional resources and support is provided from within the Property Services Unit and the Corporate Administration team. A further review of the situation is currently being undertaken.</p> <p><i>No change in the status of this risk from that approved.</i></p>	Corporate Asset Manager
Fraudulent activity and compliance	With the transfer of the Council's fraud team to the DWP, there is a potential that fraud could go undetected and compliance is not consistently applied across all services	Low	Medium	Treat the risk	<p>The Directorate is currently well-placed in mitigating this risk. Resources have been maintained to deal with corporate fraud and compliance. Although an appointment into a vacant post is still ongoing, the Council is working in partnership with other Derbyshire authorities following the award of grant funding to detect and prevent fraud across the area. In addition, discussions are taking place to incorporate this service into the Audit Partnership with a pilot being proposed. Any firm proposals will be reported to the Committee for consideration in due course.</p> <p><i>The last point is still under review. Other than that, there is no change in the status of this risk from that approved.</i></p>	Director of Finance and Corporate Services

Change in service delivery	The ending of the partnership with NPS will see the transfer of services back to the Council on 1 <sup>st</sup> August 2017. There is a potential for some temporary disruption and shortfall in resources. ICT is considered a particular risk area. In addition, the transfer may also cause uncertainty amongst affected staff	Medium	Medium	Treat the risk	<p>A plan for the future delivery of ICT was approved by the Committee in April. A service transition plan for all services is being drawn up. This will be monitored by the Operation and Strategic Partnership Boards. NPS will appoint a transition manager to support the Council. The key issues have been identified but will not be progressed until later in 2016 and early 2017. In the meantime, the risk will be kept under review.</p> <p><b><u>Update as at June 2016</u></b>  <i>An outline transition plan has been approved by the Strategic Partnership Board. In addition, recommendations for the future delivery of ICT are part of a separate report elsewhere on this Agenda.</i></p>	Director of Finance and Corporate Services
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# Strategic Risk Register

Risk	Risk Indicators	Likelihood	Impact	Risk Treatment	Mitigating action / factors
<b>A reduction in Core Spending Power</b>	<p>The Council is aware of reductions over the period 2017/18 to 2019/20 as confirmed in the Government's 2016 budget.</p> <p>Budget savings are required in the medium-term.</p> <p><b>Lead officer: Director of Finance and Corporate Services</b></p>	High	Medium	Treat the risk	<p>The MTFP reflects projected resources and clearly sets out savings required.</p> <p>Current budgets are considered prudent with provisions for inflation and growth.</p> <p>Current reserves are healthy and will help to sustain reductions in the short-term.</p> <p><b>Update as at June 2016</b>  <i>Response to consultation on the allocation of New Homes Bonus is still awaited.</i>  <i>Consultation paper on retained Business Rates being reviewed.</i>  <i>No firm plans have yet been drawn up to meet target savings.</i>  <i>The Budget out-turn for 2015/16 much better than estimated.</i>  <i>A review of the MTFP due in October 2016.</i>  <i>The financial position on the HRA remains tight.</i></p>
<b>The impact of the national economic situation locally</b>	<p>Due to external factors, the economic outlook remains uncertain.</p> <p>Council Tax and Rent arrears have increased.</p> <p>Regeneration initiatives</p>	Medium	Medium	Tolerate the risk, but keep under review.	<p>It is considered that the Council is undertaking as much action as is reasonably possible at this stage to mitigate the risk.</p> <p>On-going budgets for income from planning fees, land charges, etc. are set at levels below current actuals leaving some room for a downturn.</p>

	<p>have slowed.</p> <p><b>Lead officers: Chief Executive and Director of Finance and Corporate Services</b></p>				<p>The MTFP is not reliant on interest rates increasing from the current level to generate revenue.</p> <p>Debt is at fixed interest rates and is affordable within the HRA's financial plan.</p> <p>The Council continues to work with voluntary and community groups locally, to help vulnerable people.</p> <p>The Property Strategy has focused on ensuring the Council's assets are being positioned to react to local investment opportunities including land assembly and joint ventures.</p> <p>On-going dialogue through the LEP to access funding and with developers to look at alternative options for regeneration.</p>
<p><b>Keeping pace with technology, together with management and security of data</b></p>	<p>The Council's ICT infrastructure and systems need to keep pace with existing and emerging technologies. Stricter regulations for managing and exchanging information in electronic form through the Public Services Network. Systems subject to virus attacks. Greater expectations through Data Protection to safeguard personal information. This includes processing of transactions through credit and debit cards to mitigate the risk of fraud.</p>	High	Medium	Treat the risk	<p>Significant investment has been made in upgrading the infrastructure and network in the last 2 to 3 years and this continues.</p> <p>Annual independent audit undertaken each year to test the Council's compliance with the PSN network.</p> <p>An annual internal audit review tests the robustness of systems and the infrastructure with recommendations to strengthen the ICT environment being monitored by the Audit Sub-Committee.</p> <p>Regular training and briefings given to Members and Officers to raise awareness of data and security issues.</p> <p><b>Update as at June 2016</b>  <i>Work is on-going with other Derbyshire authorities to detect and prevent fraud. In addition, the Council is reviewing options to share resources to strengthen information governance and compliance.</i>  <i>Following a malware virus in June 2016, additional measures have been implemented to restrict Internet access to certain sites, together with implementing additional monitoring controls</i></p>

	<b>Lead officer: Director of Finance and Corporate Services</b>				<i>to prevent direct virus attacks. Work is currently being completed to upgrade the Council's internet connection.</i>
<b>Business Continuity and in particular the loss of the main Civic Offices and ICT capability</b>	<p>Council services are predominantly managed from one administrative building with 2 external sites in close proximity.</p> <p><b>Lead officer: Director of Finance and Corporate Services</b></p>	Low	High	Treat the risk	<p>Business Continuity and Emergency Plans in place and regularly reviewed, supported by the internal Resilience Liaison Forum; regular meetings also take place with other agencies.</p> <p>An ICT Disaster Recovery (DR) solution is in place off-site, although this does not completely mirror the Council's full ICT capacity.</p> <p>All data and systems are backed-up and are stored in a secure off-site facility outside of the immediate region.</p> <p>Provision for home-working and remote access in place.</p> <p>Comprehensive insurance in place with insurers providing support to secure temporary accommodation if required.</p> <p><b><u>Update as at June 2016</u></b> <i>The current DR solution is being strengthened, but this will not, at his stage, provide the ultimate solution. A separate report elsewhere on this Agenda is making recommendations for the future provision of the ICT platform at the Council; the status of this risk will be reviewed following the outcome of that report.</i></p>
<b>Capacity and resilience in service provision</b>	Overall staff numbers have declined in recent years and further budget reductions may be required. This is set against a growing demand for some services.	Medium	Medium	Tolerate the risk, but keep under review.	<p>It is considered that the Council is undertaking as much action as is reasonably possible at this stage to mitigate the risk.</p> <p>A training and development programme is in place for senior and aspiring managers.</p> <p>Recent restructures continue to mature and bed in.</p>

	<b>Lead officer: Chief Executive</b>				<b>Update as at June 2016</b> <i>The management development programme for senior managers is about 50% complete. It is currently being reviewed with the service provider to ensure that it will continue to meet the needs of the Council and to support the requirements of the updated Corporate Plan.</i>
<b>Reducing resources for partners in the community and voluntary sector who deliver services with or on behalf of the Council</b>	<p>These organisations have seen a reduction in overall funding.</p> <p><b>Lead officer: Director of Community and Planning Services</b></p>	Medium	Medium	<p>Tolerate the risk, but keep under review.</p>	<p>It is considered that the Council is undertaking as much action as is reasonably possible at this stage to mitigate the risk.</p> <p>The Council's current grant funding has been maintained and increased to recognise inflation in 2016/17 for all supported organisations.</p> <p>Spending can be refocused to meet external funding requirements and is project-based.</p> <p>Dedicated officer time in place to support the voluntary sector and local organisations. This includes direct secondment where necessary, for example, with Sharpe's Pottery and Museum earlier in the year.</p>

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>1<sup>st</sup> SEPTEMBER 2016</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF COMMUNITY &amp; PLANNING SERVICES</b>	<b>EXEMPT PARAGRAPH NO:</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>STUART BATCHELOR, ext 5820, <a href="mailto:batchelors@south-derbys.gov.uk">batchelors@south-derbys.gov.uk</a></b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>COCKSHUT LANE RECREATION GROUND, MELBOURNE SPORTS FACILITY PROJECT</b>	<b>REF: SB</b>
<b>WARD (S) AFFECTED:</b>	<b>MELBOURNE, ASTON, TICKNALL</b>	<b>TERMS OF REFERENCE: HCS07</b>

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## **1.0 Recommendation**

- 1.1 To approve the allocation of up to £50,000 from the Sport and Health/ Get Active Reserve towards the Melbourne Sporting Partnership project to complete the fitting out of the clubhouse building prior to its transfer to the Melbourne Sporting Partnership.
- 1.2 To approve entering into a loan agreement that the Melbourne Sporting Partnership repay the reserve fund allocation back to the Council over the period of the lease with the loan secured against the freehold reversion of the land.

## **2.0 Purpose of the Report**

- 2.1 To gain Members approval for the use of reserves towards the Melbourne project and a loan agreement with the Melbourne Sporting Partnership.

## **3.0 Detail**

- 3.1 The Melbourne Sporting Partnership project to build a modern multisport club outdoor facility has almost completed its second phase. This is the £1.8m contract to build a 6 changing room clubhouse, artificial grass training pitch and floodlit multi-use games area.
- 3.2 During the process of acquiring the funding for those works and procuring a building contractor, there had to be a significant value engineering exercise to achieve a project affordable with the contract sum. The reduced build contract has progressed well and the facility has now been handed over to SDDC ready for a final transfer to the Melbourne Sporting Partnership on a 25 year lease.
- 3.3 This transfer is based upon the building being furnished and ready for operational use so that it is sustainable to operate. To enable the transfer a

number of items are still required, these include CCTV, benching, furnishings and white goods.

- 3.4 The proposal is to allocate £50,000 from the Sport and Health/Youth Engagement Reserve to fund these items and then complete the transfer of the facility from the District Council to the Melbourne Sporting Partnership. The Melbourne Sporting Partnership would commit to paying this fund back over the period of the 25 year lease.
- 3.5 The Sporting Partnership has also submitted bids for fitting out other aspects of the building and for feasibility works for pitch improvements.
- 3.6 In terms of expanding the use of the facility wider than football, rugby and cricket, there has been good progress with establishing a community tennis club and netball development.
- 3.7 For information the funding for the project has come from a significant number of sources to date, the breakdown is as follows:

SDDC £1,000,000 (2012/13 allocation)  
SDDC £210,000 (General Fund Reserve in lieu of S106 receipts)  
Football Foundation £600,000  
Derbyshire County Council £250,000  
Sport England £200,000  
Rugby Football Union £100,000  
Melbourne Parish Council £18,000  
Community Donations and Contributions £23,000

#### **4.0 Financial Implications**

- 4.1 In view of the proposal in 3.4 £50,000 will be taken from the Youth Engagement/Get Active Reserve of £598,000 to support the completion of the Melbourne Sporting Partnership project. This will be repaid by the Melbourne Sporting Partnership over the period of their lease from Council and the loan secured against the freehold reversion of the land.

#### **5.0 Corporate Implications**

- 5.1 The projects identified above contribute to the Council's Corporate Plan in the priority areas of People and Places and in particular the provision of new facilities for sport and recreation and increased participation in physical activity. The completion of these high profile facilities also represent a successful 'Igniting the Legacy' project which the Council embarked upon in 2012.

#### **6.0 Community Implications**

- 6.1 The capital and revenue investment in built and outreach physical activity provision is proving to be of great benefit to the health and well-being of the

local community. The proposals within this report will continue to maintain that progress and give more people more opportunity to engage in activity.

## **7.0 Conclusions**

- 7.1 The ongoing programme of facility provision and improvement is progressing successfully and will result in the provision of quality leisure facilities across the District.

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 9</b>
<b>DATE OF MEETING:</b>	<b>1<sup>st</sup> SEPTEMBER 2016</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF FINANCE &amp; CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811) <a href="mailto:kevin.stackhouse@south-derbys.gov.uk">kevin.stackhouse@south-derbys.gov.uk</a></b>	<b>DOC:</b> u/ks/live files/procurement/strategy/ review of strategy 2016
<b>SUBJECT:</b>	<b>PROCUREMENT STRATEGY AND FRAMEWORK 2016 TO 2020</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 13</b>

## **1.0 Recommendations**

- 1.1 That the proposed Procurement Strategy and Framework for 2016 to 2020 is approved.

## **2.0 Purpose of Report**

- 2.1 To review the Council's Procurement Strategy in order to reflect the Council's existing framework, best practice and to incorporate updated regulations.

## **3.0 Executive Summary**

- 3.1 The Council's previous Procurement Strategy was approved in 2011. Since that date, the Procurement Unit has been centralised, best practice adopted and the general approach to procurement has been strengthened. In addition, the Public Contract Regulations of 2006, which govern procurement in local government, have recently been updated.
- 3.2 The Council's framework is now well-established and this is reflected in the updated document. The framework is supported by a Guidance and Procedures Manual which details the procedures and guidelines for Council officers when undertaking procurement on behalf of the Council.
- 3.3 The Strategy and associated framework is also intended to inform suppliers of procurement opportunities, together with how they will be treated and evaluated in any procurement they engage in with the Council.
- 3.4 The document also includes the requirements of the Public Contracts Regulations (2015). These enact greater transparency in the procurement process including the publication of contract documentation, pre-market

engagement, opportunities for small businesses, the use of E-tendering and the degree of dialogue within a tendering process.

3.5 The Council complies with these requirements.

#### **4.0 Detail**

4.1 The proposed Procurement Strategy is published alongside this report and is recommended for adoption by the Council.

#### **5.0 Financial Implications**

5.1 None directly.

#### **6.0 Corporate Implications**

6.1 The Procurement Strategy and Framework is part of the Council's Financial Procedural Rules (Section 21) and the rules governing Contracts (Section 22). It is a statutory requirement that the strategy and framework is incorporated into the Council's constitution and is subject to external audit to ensure that proper control and governance supports the procurement function.

6.2 The adoption of the Strategy will support the Council in achieving several of its key outcomes as set out in the Corporate Plan and in particular, financial health and good governance.

6.3 Internal consultation has taken place with senior managers and no substantive issues have been raised.

#### **7.0 Community Implications**

7.1 Efficient procurement will help to bring benefits to the Community as services will be more cost effective and efficient and resultant savings will be directed to those services deemed as a priority in the Corporate Plan.

# Procurement Strategy and Framework 2016 -2020

Promoting Value for Money,  
Transparency & Fairness with a Customer Focus

Corporate Services  
Directorate

## Version Control

Version	Description of version	Effective Date
1	Initial Draft for Comment	1 July 2016
2	Draft for Committee	31 <sup>st</sup> July 2016

## Approvals

Approved by	Date
<b>Finance and Management Committee (TBC)</b>	1 <sup>st</sup> Sept 2016

## Associated Documentation

Description of Documentation	
Procurement Guidance and Procedural Manual	Update April 2016

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## 1 Introduction

***“During these challenging times we must embrace the opportunities procurement can bring, to drive social value, economic growth and sustainability.” {National Procurement Strategy}***

**This Procurement Strategy sets out the central role of the Procurement Function in supporting the Council whilst minimising expenditure, as every penny saved by procurement gives the Council more opportunity to achieve its strategic priorities.**

## 2 Our Vision

Making South Derbyshire a better place to live, work and visit.

## 3 Definition of Procurement

Procurement is the process of acquiring goods, services and works. The process spans the whole cycle from identification of needs, through to the end of a service contract or the end of the useful life of an asset. It involves options appraisal and the critical 'make or buy' decision which may result in the provision of services in-house in appropriate circumstances.

## 4 Objectives

- Deliver Value for Money through good procurement practice and optimal use of procurement partnering and collaboration opportunities.
- Deliver Excellence
- Deliver on Time
- Support the local Community
- Analyse the Council's non staff expenditure and apply appropriate procurement strategies to deliver value for money and reduce commercial risk.
- Ensure clarity and transparency
- Produce management information in order to measure the performance and value for money achieved by the Council.
- Increase the proportion of local spend where possible.
- Simplify procedures to assist SMEs and third sector enterprises.
- Embed sound ethical, social and environmental policies within the Council's procurement function.
- Comply with relevant legislation and regulations in all aspects of Council purchasing.

## 5 Goals

- Ensure the Works, Goods & Services required by the Council & residents of South Derbyshire are procured as effectively as possible,
- Drive efficiencies to deliver more with less money,
- Provide a first class service,
- Provide a Centre of Procurement Expertise for South Derbyshire District Council,
- Minimise risks
- Deliver Value for Money, in line with the Council's Financial Plans.

## 6 Our Values

We value our:

- residents and their diverse needs,
- environment,
- stakeholders and
- staff.

## 7 Guiding Principles

The guiding principles reflect the core values on which the strategy is based, and which will inform all the actions which are planned as a result.

- Economic, social and environmental well being
- Maximising Value for Money
- Community Focus
- Ethical standards
- Partnership and collaboration
- Innovation and improved efficiency

## 8 National Procurement Strategy

This Procurement Strategy follows the National Procurement Strategy produced by the Local Government Association in promoting the following key areas:

- 8.1 Making savings by the effective use of;
  - Partnering and collaboration
  - Improved category management
  - A corporate approach to contract management
  - Effective performance monitoring and transparency
  - Appropriate risk management
  - Find alternative ways to meet user needs through demand management
- 8.2 Supporting local economies;
  - Inclusion of economic, environmental and social criteria in all contracts
  - Improving access for SMEs and VCSEs
- 8.3 Leadership;
  - A single cohesive voice
  - Commitment from the top
  - Seeing procurement as part of a strategic commissioning cycle
  - Develop a more commercially-focused procurement culture.
- 8.4 Modernising Procurement;
  - Commercialism and income generation
  - Encourage supplier innovation
  - Adopting e-procurement to improve efficiency
  - Take advantage of the opportunities presented by the new EU directives

## 9 Procurement within South Derbyshire

In addition to the items listed above from the National Procurement Strategy, we will;

- Ensure Value for Money for the Council and the people of South Derbyshire
- Deliver robust, transparent procurement exercises and contracts
- Provide improved outcomes for our stakeholders
- Ensure the optimum balance of quality and cost,
- Award contracts to the Most Economically Advantageous Tenders,
- Ensure the prices submitted for the supply of goods and services are sustainable,
- Improve efficiency,
- Simplify routine transactions,
- Minimise waste,
- Reduce the burden on administrative and monitoring resources,
- Encourage open and fair competition,
- Give strong Governance,
- Minimise opportunities for errors or fraudulent activity,

## 10 Efficiencies

- 10.1 We will continually search for innovative solutions that promote easier and simpler ways of working to reduce workloads and minimise errors, for the benefit of the people of South Derbyshire.
- 10.2 We will work with our suppliers to ensure all processes are simple, effective and automated where possible. We will reduce the number of steps in each transaction as much as possible to reduce costs, errors and opportunities for fraudulent activity.
- 10.3 We will reduce internal costs for the Council and its Suppliers by use of electronic transactions.

## 11 Values and ethical standards

- 11.1 We will follow the Council's 'Employee Code of Conduct' particularly in regard to personal conduct and the acceptance of hospitality and gifts.
- 11.2 We will maintain the highest values and ethical standards including;
  - Honesty,
  - Integrity,
  - Fairness,
  - Transparency,
  - Equal opportunity

## 12 Strategic Priorities

- 12.1 Focus on what we are trying to achieve
- 12.2 Ensure compliance with the law, regulations and the Council's governance requirements
- 12.3 Ensure Procurement activity follows best practice and reflects the Council's corporate aims and objectives.

## 13 Governance

- 13.1 Good governance processes are critical to the Council so that it can evidence that it carefully manages the expenditure of Public Money.
- 13.2 All procurement exercises will follow the processes detailed in this strategy document. Threshold values (including those for 'OJEU' requirements) are detailed on the attached Appendix 1 and split into:
  - Low value procurements.
  - Medium value procurements.
  - Below threshold procurements.
  - Over threshold procurements.Additional guidance can be obtained from Procurement.

## 14 Conflicts of Interest

All tenderers must sign a document to confirm there is no conflict of interest for any Officer or Member of the Council. Guidance for Officers can be found in the Council's Employee Code of Conduct'.

## 15 Stakeholder Engagement

- 15.1 Engagement commences formally with the PPA document. This defines:
  - high level requirements,
  - existing arrangements / contracts,
  - current expenditure and budget
  - expected stakeholder involvement in the process
  - potential opportunities
  - strategy
- 15.2 When the PPA has been agreed, it is the responsibility of the key stakeholder to produce a specification.
- 15.3 At each step in the procurement exercise the key stakeholder should 'sign off' and agree commencement of the next stage. (Gateway Review Process).
- 15.4 It must be recognised that various Stakeholders in addition to Council Officers should have an input at appropriate points in the process. These may include users of the facilities (i.e. skaters at a skate park), tenants, residents etc.

**16 Transparency**

It is a Government requirement that every quarter;

- Details of all procurement exercises over a specified value (Appendix 1) must be published
- Details of all transactions over a specified value (Appendix 1) must be published

**17 Gateway Review Process**

We will use a process requiring stakeholder engagement and sign off, which will:

- Review progress and approve the next actions, at each key stage of a procurement exercise
- Make recommendations to amend strategy if required
- Ensure key stakeholders are fully engaged throughout the process

**18 The Procurement Cycle – Key Stages**

- Identify the need for a procurement exercise
- Initiate procurement exercise (PPA)
- Conduct Market Research
- Develop Strategy
- Develop Specification / Brief
- Source/tender requirements
- Place Order / Contract
- Receive Goods / Services / Works
- Pay for Goods / Services / Works
- Manage Contract
- Review Contract

**19 Identifying the need for a procurement exercise**

This may be:

- A new requirement for one or more of our stakeholders,
- The need to renew an existing arrangement,
- To ensure compliance,
- An opportunity to aggregate requirements for increased leverage in the marketplace.

**20 Initiation**

A Procurement Exercise can be commenced once a Pre-Procurement Analysis (PPA) has been agreed with the Key Stakeholder and signed off by the Director of Finance.

**21 Market Research / Pre Engagement**

- 21.1 In line with Government recommendations, prior to major procurement exercises, market consultations should be conducted with key suppliers, including where possible; market leaders, SMEs and the 3<sup>rd</sup> sector, to both understand what is available in the market and to inform the market of the Council's intentions.
- 21.2 The key players in the market can provide useful information to help in determining the best procurement strategy and producing the specification.
- 21.3 Pre Engagement can stimulate new and innovative ways to: improve efficiency, reduce costs and improve service provision.
- 21.4 It is essential to ensure that no distortion of competition occurs and it is carried out in a non-discriminatory and transparent way. Outcomes from any research must not favour or discriminate against any potential bidder.
- 21.5 For high value procurements, details of opportunities should advertised by using a Prior Indicative Notice (PIN) if above threshold, or by advertising on Source Derbyshire and/or the Government's Contract Finder portal, asking for expressions of interest. This should be followed up with a brief

explaining what is required in broad terms to stimulate a discussion and allow potential suppliers to explain what options may be available and which would be most suitable for the Council. It is also advisable to directly approach the market, to ensure incumbent and local providers are consulted in addition to key players, where possible.

- 21.6 For low value procurements a less formal process can be used. Appropriate key suppliers may be contacted directly. It is recommended that a written brief is produced for circulation to the key suppliers as part of any discussions.
- 21.7 It is essential that any confidential information obtained during this process is not divulged.
- 21.8 All market research / pre engagement / fact finding exercises should be recorded.

## 22 Strategic approach

The strategy for each procurement exercise will be agreed with the Key Stakeholder(s), the Procurement Team and the Director of Finance. Factors which may influence the strategy for a Procurement Exercise include;

- Value
- Availability in the marketplace
- Number of potential suppliers
- Urgency
- Strategic importance to the Council
- Existing Framework Agreements (Council / Consortium),
- In house capability,
- Shared services – with other authorities,

## 23 Strategy Options

These could include:

- 23.1 Use of existing contracts / framework agreements
  - Internal SDDC agreements
  - External, such as;
    - CCS
    - YPO
    - ESPO
    - PfH
    - EEM
    - Local Authorities collaborations.
- 23.2 Tender:
  - Goods
  - Services
  - Works
  - Above / below threshold
- 23.3 Enquiry - for low value procurements:
  - email - preferred
  - verbal – to be used in an emergency

## 24 Develop Specification.

- 24.1 A robust performance based specification should be produced by the stakeholder. The Procurement Team will provide assistance and constructive challenge.
- 24.2 Specifications must not use any 'trade names' or brands, except for reasons of compatibility with legacy equipment or systems, but should describe the function and outcome.
- 24.3 Any potential compatibility issues must be highlighted so any proposed solutions are feasible.

- 24.4 Whilst the specification is being prepared there can be a degree of Market Engagement, to help in developing the specification by gaining an understanding of what is currently available and news of any potential developments in the Market.
- 24.5 Development of innovative solutions should be encouraged. Specifications must focus on desired outcomes / performance, not on current methods of working or how the solution is to be achieved. Suppliers are experts in their field and should be allowed to develop creative proposals to meet the Council's needs.

## 25 Assessment Criteria

- 25.1 The way that Tenders will be assessed must be determined, prior to issuing Invitations to Tender or requests for Quotations.
- 25.2 Questions must be devised so all Bidders can respond in a way which allows them to demonstrate their strengths, and which can be assessed and scored to give a comparison with other Bidders. It is essential to consider how the responses will be evaluated when devising questions.
- 25.3 Details of the scoring process and the criteria to be used, including the relative weightings must be issued as part of the Invitation to Tender Documentation to ensure transparency and fairness.
- 25.4 All questions and their weightings must be relevant and proportionate to their importance in the procurement exercise and to the Council.
- 25.5 Cost will always be a significant factor when assessing tenders, however it is important to look beyond the initial price, for the 'Whole Life Cost', which may include;
- Purchase price
  - Delivery charges
  - Delivery timescale (financial impact of early / late delivery)
  - Commissioning costs
  - Life expectancy
  - Anticipated reliability, based on 'Mean Time Between Failure' data (provided by supplier)
  - Cost of providing replacement equipment during any 'Down Time'
  - Maintenance / servicing costs
  - Cost of spare parts
  - Call out times for emergency repairs
  - Running costs – consumption of energy and other resources
  - Training
  - Upgrade costs
  - Cost of emissions
  - Insurance costs
  - Potential cost for damage rectification (especially if likely to be prone to vandalism or accidental damage etc.)
  - Decommissioning costs
  - Residual value
- These factors should be considered when producing a 'pricing matrix' for bidders to complete and submit.
- 25.6 Other Criteria which may be considered which relate to the tenderers ability to provide the Goods / Services / Works;
- Health & Safety of: staff, client and third parties (Pass / Fail). The Council will not award work to suppliers who cannot meet the standards detailed in its 'Safety Policy Statement of Intent'
  - Quality
  - Environmental impact (initial and on-going)
  - Competence
  - Qualifications

- Timeliness – Start / Finish requirements
- Availability of spare parts
- Potential obsolescence
- Compatibility with existing or planned infrastructure / equipment
- Design capability
- Performance / efficiency of the Goods / Services / Works (standards)
- Backup – help desk, service engineers, spare parts
- Speed and effectiveness of problem resolution
- Proposed performance measurement KPIs
- Ideas to improve efficiency and reduce cost
- Innovation – R&D
- Opportunity to develop new improved products and processes
- Organisation suitability
- Financial strength (assessed by independent organisation)
- Professionalism of Directors
- Membership of professional bodies – technical expertise / certification
- Insurance cover (Pass / Fail)
- Ability to respond rapidly if required - Location
- Social value;
  - Integration of disadvantaged people
  - Community schemes
  - Local regeneration
  - Apprenticeships / training

25.7 The criteria above should be considered when devising questions, however only the most appropriate items should be included, to ensure a manageable process. The use of too many criteria may dilute the effectiveness of important elements.

25.8 These criteria should also be applied to any sub-contractors proposed.

## 26 Selection of Tenderers

26.1 The use of 'Pre-Qualification Questionnaires as part of the supplier selection process is no longer permitted for below threshold (non 'OJEU') tenders. (Appendix 1)

26.2 It is important that the full scope of requirements is detailed in the specification in such a way that potential bidders can determine their own suitability prior to expending significant resources preparing a bid.

26.3 Opportunities should be advertised as widely as possible, using the Council's website, the Government's 'Contracts Finder' portal, Source Derbyshire, Specialist Trade Press, OJEU (if over threshold), etc. It is also recommended that details of opportunities are sent to incumbent suppliers and any local suppliers, including SMEs, who may be suitable. It should be made clear that the opportunity is being widely advertised.

## 27 Tendering

27.1 All tendering exercises will be conducted electronically by Procurement using the Council's preferred e-tender portal.

27.2 Details of the different procedures which can be used are detailed in 'The Public Contracts Regulation 2015'. The usual tender procedure used should be 'Open' (unless there are strong strategic reasons), giving a simple process and opportunities for the wider market.

## 28 Advertising Requirements

28.1 Contracts which may be 'over threshold' (Appendix 1) must be advertised in OJEU.

- 28.2 In order to implement Lord Young's 2013 recommendations on opening up contracts to smaller businesses, there are new mandatory requirements to advertise contracts above a certain value (Appendix 1) on the Government's Contracts Finder portal. Post-award notices are also required.
- 28.3 To encourage local interest, opportunities will also be advertised on the Source Derbyshire portal.
- 28.4 Incumbent suppliers and suppliers who have previously expressed an interest in working for / supplying the Council for the required categories should be notified of the opportunity and given the opportunity to register.
- 28.5 If appropriate, specialist publications and trade bodies should be asked to circulate details of opportunities amongst their members.

## 29 Communication during the Tender Process

- 29.1 All communication with potential bidders during the tender process must be carefully managed to ensure there can be no accusation of favouring or disadvantaging any bidders or distorting competition in any way.
- 29.2 Any communication with potential bidders regarding existing projects / contracts must be reduced to the absolute minimum, Officers who have any involvement in live tenders should not attend and meetings should be minuted to evidence live tenders have not been discussed.
- 29.3 During the tender process any questions raised by bidders must go through the e-tendering portal. The questions, with the Council's responses will be made public on the portal but must be non-attributable. Requests for the questions and answers to not be made public can be considered, to protect a bidder's technical / commercial advantage.
- 29.4 For complex procurement exercises, where a briefing and / or a site visit is required, all potential tenderers should be invited to attend a group session. This should be carried out after the opportunity to express interest has passed, to ensure all potential tenderers have an opportunity to attend. Sufficient notice must be given and all who have expressed an interest should be invited to attend. This ensures all tenderers are given the same information and any questions raised and answers given are heard by all. Minutes of meetings should be taken and circulated via the e-tender portal. Tenderers may choose to disadvantage themselves by not attending.

## 30 Tender receipt and opening

All tender exercises for the Council are managed electronically through an e-Tendering portal. This ensures:

- The widest possible audience
- All potential tenderers receive information electronically, immediately it is posted
- Documents cannot be misplaced during delivery or return
- The system is robust, transparent and secure
- There is no cost to suppliers to register or use the portal
- Tenderers may submit, withdraw or amend their Tender as required up to the closing date and time
- Tenders are held in a secure vault which cannot be unlocked until the closing date and time.
- Tenders cannot be removed or altered once the vault has been unlocked.
- All information is held securely and there is a complete audit trail.
- There is no requirement for tender opening to be witnessed for governance purposes.
- Tenders can be circulated electronically to assessors immediately after the vault is unlocked.

## 31 Tender Evaluation

- 31.1 Tenders should be evaluated by a panel of assessors using the criteria published in the Invitation to Tender documentation.
- 31.2 Evaluators may just evaluate the responses to questions within their specialist area of expertise, they do not have to evaluate all areas, however they, with the rest of the panel, must score those questions for all of the viable tenders to be assessed to ensure balance.

- 31.3 Scores should be entered into a spread sheet, provided by Procurement, to allow easy consolidation of assessments, with comments on why marks have been awarded. This is essential to allow feedback at a later stage, or to defend any challenge.
- 31.4 Spread sheets from individual assessors are to be consolidated into a master table which will also incorporate all the pricing elements and calculate the final score incorporating the weightings. This will be done by Procurement.
- 31.5 If it is anticipated there may be a large number of responses, a note should be included in the Instructions to Tenderers advising that following an assessment of the pricing element, tenders which mathematically could not possibly win, may be put to one side. All tenders must be fully scored if such a notice has not been included.

### **32 Due Diligence**

- 32.1 Due diligence should be carried out to ensure any contract which is awarded is robust, sustainable and the supplier is competent to carry out the work, with appropriate qualifications, experience, and security in place. It is far better to challenge suppliers prior to contract award to ensure they are suitable than to find out they are not after a contract has been awarded. Any doubts must be raised to allow the Supplier to respond and evidence their suitability.
- 32.2 As part of the assessment process financial checks should be carried out on tenderers prior to awarding a contract using an independent external agency. This is to ensure they are financially robust and will be capable of sustainably carrying out the work required over the contract period.
- 32.3 If a supplier is new to the Council or carrying out work not previously done, other checks may be required to ensure suppliers are competent and have the necessary resources available. This may require meetings in the Council offices, on site or at the supplier's premises.
- 32.4 It is in nobody's interest to award a contract which cannot be sustained.

### **33 Negotiation**

- 33.1 Negotiation is defined as 'the process of discussing something with someone in order to reach agreement'.
- 33.2 Negotiation should not be seen as 'beating down the supplier', but as an opportunity to ensure both parties get what they need to produce a strong working relationship which benefits both and allows continual improvement and development.
- 33.3 There are many elements of procurement exercises where negotiation may take place, but it must not favour, or disadvantage any supplier or distort competition in any way.
- 33.4 To ensure a robust and fair negotiation process the strategy must be planned and each step documented.
- 33.5 Professional guidance should be sought from the Procurement Team.

### **34 Recommendation Report**

A final report detailing key parts of the process, details of bidders and their scores, together with relevant comments, including any due diligence which has been carried out, with a final recommendation for award will be produced by the Procurement Team. The report should be agreed with the Key Stakeholder, before it is sent to Director of the Council for final sign-off.

### **35 EU Requirements**

- 35.1 Contracts which are expected to be above the 'Threshold' (Appendix 1) must comply with the full requirements of The Public Contracts Regulations 2015. Any contract whose value may reach the threshold must be managed by the Procurement Team. When calculating the total value, the aggregate spend for the whole Council must be considered, over the life of the proposed arrangement, including any options or extensions.
- 35.2 The method for calculating or subdividing the total value must not be determined with the intention of excluding it from the regulations.

- 35.3 As part of the process for over threshold procurement, there must be a 'Standstill Period' of ten days from the notification to all bidders of the intended award, to the actual commencement of the contract.

### 36 Contract Award

- 36.1 Notifications of Contract Award should be sent electronically using the e-tendering portal. Messages to the unsuccessful bidders should also include basic feedback information to indicate where the successful bidder was more competitive.
- 36.2 For over threshold Contracts, a standstill period of 10 days from when notification is sent via the portal must be observed, before the Contract becomes effective.

### 37 Procure

Once approved, the Goods, Works or Services may be commissioned, by;

- Award of a contract / framework agreement
- Placing of an order; for simple, lower value purchases.

### 38 Partnering and Collaboration

In order to minimise costs and maximise benefits working together is actively encouraged. Suppliers should consider working with other organisations who can complement what they offer when bidding for work. Public bodies should collaborate on procurements to aggregate buying spend. The following benefits can be enjoyed;

- Joint and integrated commissioning
- Common Purpose
- Aggregated requirements and spend
- Wide experience and expertise
- Remove duplication of work
- Whole systems approach
- Shared Power
- User perspective to stimulate change

### 39 Supplier Development

- 39.1 Working with suppliers to develop new products and processes benefits both parties and allows optimum solutions to be created for the Council. Suppliers also benefit as they can use improvements in their efficiency or offerings to gain additional work with other clients, and reduce their costs of doing so.
- 39.2 It is important to recognise that benefits obtained from working with the supplier should be shared to encourage future development.
- 39.3 Developing strong relationships with suppliers can help to reduce the problems where there is only a single source of supply. Mutual trust can reduce perceptions of overcharging where there is no alternative.

### 40 Variations / Modifications to a Contract

- 40.1 Whilst every effort should be made to ensure contracts cover all potential requirements at the outset, some things are unforeseeable and where any additional requirements can only be fulfilled by the original supplier, it should be managed as a variation to the contract.
- 40.2 Changes to scope must be agreed with the supplier at the earliest opportunity so that they can be incorporated into the main work with as little disruption as possible to minimise any costs.
- 40.3 Additional work or materials required should be costed pro-rata using existing rates for work.
- 40.4 Any changes or modifications must not alter the overall nature of the contract or increase its value by more than 10%.
- 40.5 Guidance should be sought from the Procurement Team.

## 41 Review

Prior to contract management reviews with the supplier, a short internal review should be carried out with stakeholders who are involved with the contract. These may include;

- Key users
- DLO
- Tenant representatives
- Accounts
- Procurement
- Customer services

This will give a complete picture of the performance of the supplier and the relationship with the Council in all aspects of the contract which will make subsequent meetings with the supplier more productive.

## 42 Contract Management

42.1 The objective of Contract Management is to ensure performance is maintained or improved sustainably, efficiencies are incorporated into the process to reduce costs (for mutual benefit) and to identify any potential problems at the earliest opportunity which will enable solutions to be agreed prior to issues becoming significant. It may be useful to include stakeholders in the meetings to cover particular issues.

42.2 Contract management reviews should be carried out throughout the life of contracts on two distinct levels:

42.2.1 Operational; covering day to day issues, will be carried out at regular intervals, usually monthly, but may be weekly if required, involving users and stakeholders, with a focus on;

- Health and Safety
- Day-to-day minor issues
- Review performance against agreed KPIs.
- Updates on progress
- Short term planning

42.2.2 Strategic; (for key contracts), consisting of high level reviews of performance and opportunities, carried out annually by the Procurement Team and senior stakeholders.

- Health and Safety review of statistics to identify any causes for concern and devise improvement plans.
- Review the contract to ensure it still delivers what is required in potentially changing circumstances.
- Strategic review of agreed KPIs. Develop and agree any required action plans to improve performance
- Review environmental performance and agree any improvement actions.
- Consider any opportunities to improve efficiency, reliability, customer service or reduce costs. Agree improvement plan.
- Review equality and diversity information.
- Review the contract to ensure it is delivering against the requirements of the Public Services (Social Value Act) 2012.
- Review medium / long term plans and adjust if required, to ensure all parties understand the strategy for future requirements and how they will be fulfilled.

## 43 Escalation

43.1 It is important to quickly escalate issues if they are not resolved, to ensure effective corrective action can be taken to remedy problems before things get too far out of hand.

43.2 Agreed escalation procedures should be included in all contracts.

#### 44 Value Engineering

- 44.1 Value Engineering Workshops should be conducted for contracts which are; complex, have a high spend, or are strategically important, usually in conjunction with Strategic Contract Management exercises.
- 44.2 The key drivers are to identify and remove costs which do not add value or benefit and to improve service levels. The process is designed to improve Value for Money by increasing efficiency, improving products and services, and / or reducing lifetime costs.
- 44.3 Key stakeholders and senior members of staff from the supplier must be involved so that ideas and robust action plans can be developed, specified, agreed and approved in the workshop. Focus should be on reviewing the fundamental requirements and exploring and developing better solutions. 'Brain Storming' is a useful way to generate initial ideas for examination.
- 44.4 Costs contained in all areas of the contract should be considered, including:
- Alternative solutions to satisfy the requirement
  - Design
  - Alternative sources/specifications for materials / components
  - Delivery
  - Roles and responsibilities
  - Process efficiency
  - Simplification - removing unnecessary links in the processes
  - Administration
  - Lifetime costs including; running costs, maintenance, replacement in whole or part
  - Obsolescence

#### 45 Equality and Diversity

- 45.1 All procurement exercises will adhere to the Council's 'Equalities Policy Statement'.
- 45.2 All tenderers must confirm they will meet or better any requirements in the Policy Statement.

#### 46 Social Value / Local Regeneration

- 46.1 The Public Services (Social Value) Act 2012 requires all services contracts above the OJEU threshold to be subject to appropriate social value criteria. The Act is only compulsory for this category of contracts, but it is expected that social value criteria are used for all procurements.
- 46.2 We will deliver social benefits including local regeneration and improved job opportunities, as specific requirements in our specifications and contracts in compliance with the Act.
- 46.3 The act requires the criteria to be relevant to the subject of the contract and proportionate to the value and potential impact that could be achieved.
- 46.4 Consideration should be given to how to improve the economic, social and environmental well-being of the district through procurement and also how to undertake the process with a view to securing that improvement and measuring it during the life of the contract. To this end;
- We will prioritise procurement with local suppliers where possible.
  - We will invite local suppliers to quote for our requirements (where possible).
  - Questions posed as part of the tender and assessment of responses will be designed to promote the use of local;
    - labour,
    - suppliers,
    - contractors, and
    - Sub-contractors.
  - Suppliers with links to educational establishments and who engage apprentices will be encouraged.
  - Promoting pride in neighbourhoods reduces anti-social behaviour, in addition to giving people training and employment opportunities.
- 46.5 This work will give the Council a supplier base with strong local ties and which understands local people, issues and priorities.

#### 47 Health and Safety

- 47.1 All procurement exercises will adhere to the Council's 'Safety Policy Statement of Intent'.
- 47.2 All tenderers must confirm they will meet or better any requirements in the Policy Statement.
- 47.3 The Council will not employ suppliers, contractors or sub-contractors who cannot meet these minimum requirements for Health and Safety.

#### 48 International Standards

Where possible, recognised Standards should be included in specifications as a minimum requirement. International Standards (ISO) should be used where possible in preference to European or UK Standards.

#### 49 Protecting the Environment

- 49.1 All procurement exercises will adhere to the Council's 'Environmental Policy'.
- 49.2 All tenderers must confirm they will meet or better any requirements in the Policy Statement.
- 49.3 The Council will work with its key suppliers to develop use of products and ways of working to minimise environmental impacts, including;
  - Waste Reduction
  - Recycling
  - Reducing our carbon footprint
  - Sustainability

#### 50 Value for Money

- 50.1 We are responsible for spending public money. An essential element of effective procurement is to ensure we obtain Value for Money, using an appropriate balance of quality and calculated whole life costs.
- 50.2 A key part in this process is the embedding of VFM ideals throughout the organisation, to increase staff awareness of the potential for efficiency, and identifying areas where we can work smarter to drive out costs, through the use of output based functional specifications and effective procurement.
- 50.3 In order to evidence VFM we will benchmark our top 10 contracts (by value) annually using data from Consortia.
- 50.4 Annual 'Expenditure Analysis' reviews will be conducted of data from the accounting system. All non-Contract purchases will be categorised and aggregated, showing;
  - Who,
  - Where,
  - What,
  - When,
  - Why

This will allow us to ensure requirements are aggregated across the whole Council. Categories which have an aggregated expenditure over the amount detailed in Appendix 1 will be examined to ensure existing contracts are utilised as much as possible and procurement activity can be focussed on putting appropriate new contracts in place to comply with regulations and;

- Reduce costs
- Provide an agreed level of service
- Allow Council Officers to place orders at pre agreed rates with no requirement to go out for further competition.

## Appendix 1 - Procurement Values

### Public Contracts Regulations 2015

All aggregated requirements which exceed these values must follow the full 'OJEU' process. This will be managed by Procurement.

'OJEU Threshold' Values applicable from 1 January 2016.

	Supplies	Services	Works
Public Sector contracting Authorities	£164,176	£164,176	£4,104,394

### Transparency publication requirements

Information must be published on the Council's website in full every quarter for;

- a) Details of every invitation to tender for contracts to provide goods and/or services with a value that exceeds £5,000.
- b) Details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000.

Data from all Council departments will be consolidated and published by Procurement.

### Contracts Finder Portal

It is a Government requirement that all procurement exercises over £25,000 are published on the 'Contracts Finder' portal.

### Aggregated Annual Expenditure

New contracts should be developed for categories where aggregated annual 'off-contract' expenditure exceeds £100,000. Contracts should also be developed for categories with a lower spend, which are strategically important to the Council.

### Values applicable to procurement exercises where an existing contract cannot be used.

Classification	Value	Actions	Responsibility
Low Value	Up to £1,000	Obtain three quotations (if possible).	Budget Holder
Medium Value	From £1,000 to £25,000	Obtain three written quotations (if possible).	Unit Manager
Below Threshold	From £25,000 to OJEU threshold	Conduct Tender exercise.	Procurement
Above Threshold	Over OJEU threshold	Full OJEU Tender process.	Procurement

## Appendix 2 - Glossary

### Recognised Standards

- ISO 9000 – Quality Management
- ISO 11200 – Crisis Management
- ISO 14000 – Environmental Management
- ISO 22301 – Business Continuity Management
- ISO 26000 – Social Responsibility
- ISO 31000 – Risk Management
- ISO 45001 – Occupational Health & Safety Management

### Organisations

- CCS Crown Commercial Service (Central Government)
- CHAS Contractors Health & Safety assessment scheme
- CIPS Chartered Institute of Purchasing & Supply
- EEM Efficiency East Midlands
- ESPO Eastern Shires Purchasing Organisation
- FSC Forest Stewardship Council
- NEPO North East Procurement Organisation
- PfH Procurement for Housing
- YPO Yorkshire Purchasing Organisation

### Other Terms

- BME Black & Minority Ethnic
- ITT Invitation to Tender
- KPIs Key Performance Indicators
- MEAT Most Economically Advantageous Tender
- OJEU Official Journal of the European Union
- PPA Pre-Procurement Analysis
- PQQ Pre-Qualification Questionnaire
- SEP Social Enterprise Partnership
- SME Small to Medium size Enterprise
- VFM Value for Money
- VCSE Voluntary, Community and Social Enterprise (Third sector)
- WRAP Waste and Resources Action Programme

### Key Documents

- The Public Contracts Regulations 2015 – the UK enactment of the European Procurement Directive
- National Procurement Strategy for Local Government in England 2014
- Public Services (Social Value) Act 2012
- Data Protection Act 1998
- Freedom of Information Act 2000

### South Derbyshire District Council - Documents

- Safety Policy Statement of Intent
- Environmental Policy
- Equalities Policy Statement

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 10</b>
<b>DATE OF MEETING:</b>	<b>1<sup>st</sup> SEPTEMBER 2016</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF FINANCE &amp; CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811) <a href="mailto:kevin.stackhouse@south-derbys.gov.uk">kevin.stackhouse@south-derbys.gov.uk</a></b>	<b>DOC:</b> u/ks/live files/health and safety/quarterly HS report to June 2016
<b>SUBJECT:</b>	<b>HEALTH AND SAFETY: QUARTERLY REPORT APRIL TO JUNE 2016</b>	
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 17</b>

## 1.0 Recommendation

1.1 That the quarterly report and accident statistics are noted.

## 2.0 Purpose of Report

2.1 To provide an overview of the latest health and safety statistics.

## 3.0 Detail

- 3.1 **Appendix 1** details the number of accidents that have occurred between 1st April and 30<sup>th</sup> June 2016. The Health and Safety Officer provides advice and training across the Council on a regular basis. The officer is responsible for co-ordinating record keeping on accidents.
- 3.2 Accidents are recorded on a corporate system and detailed analysis is provided to the Health and Safety Committee. This Committee reviews accidents and oversees recommendations or learning that needs to be implemented.
- 3.3 In accordance with good practice, the Council's accidents are analysed between reportable and non-reportable accidents. "Near misses" are also recorded and these are analysed closely to ensure lessons learned are captured to prevent a future accident.
- 3.4 Reportable accidents have to be submitted to the Health and Safety Executive (HSE) under the Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations (RIDDOR) 1995. Accidents that fall under these regulations are those where:

- An employee has been required to stay in hospital for more than 24 hours after an accident.
- A member of the public was taken to hospital for treatment after the accident.
- If an accident results in the employee being off work for 7 days after the date of the accident.

3.5 Accidents and near misses are also analysed between those that are work related and those that are non-work related. It is important to note that whatever the accident, they are all reviewed and reportable under RIDDOR where applicable. Where necessary, risk assessments are updated, control measures re-enforced and additional measures implemented.

3.6 During the first quarter of the financial year 2015/16, there were 13 accidents (including 2 near misses) in total of which none were reportable. Accidents are recorded against the relevant “accident cause”.

3.7 Appendix 1 also shows accidents in total to date for the year (which is the same for the first quarter) and the total accidents for 2015/16 which have previously been reported to the Committee. In 2015/16, there were 72 accidents/near misses, of which 5 were reportable.

#### **4.0 Financial Implications**

4.1 None directly

#### **5.0 Corporate Implications**

5.1 None directly

#### **6.0 Community Implications**

6.1 None directly

#### **7.0 Background Papers**

None

## APPENDIX 1

**Table: Accident Cause Statistics – (for the 1st Quarter - 1 April to 30th June 2016) and Year to Date: Comparative Accident Cause Statistics for the previous year (2015/16)**

Accident Cause	Quarter 1 (1 April - 30 June 2016)								
	Non Reportable				Reportable				Total
	Employees		Public		Employees		Public		
WR	NWR	WR	NWR	WR	NWR	WR	NWR		
Contact with Machinery									
Manual Handling	1								1
Slip, Trip, Fall	1			3					4
Exposed to Fire									
Exposed to Extreme Temperature									
Exposed to an Explosion									
Exposed to a Hazardous Substance									
Contact with Electricity or Discharge									
Trapped by Object									

Current Year (to date) 1 April 2016- 31 March 2017 Actual									
Non Reportable					Reportable				
Employees		Public			Employees		Public		
WR	NWR	WR	NWR	WR	NWR	WR	NWR	WR	NWR
1									
1			3						

Previous Year Total (to date) 1 April 2015- 31 March 2016 Actual							
Non Reportable				Reportable			
Employees		Public		Employees		Public	
WR	NWR	WR	NWR	WR	NWR	WR	NWR
2							
1			13	1	1		1
4			1				





<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 11</b>
<b>DATE OF MEETING:</b>	<b>1<sup>st</sup> SEPTEMBER 2016</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF FINANCE &amp; CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811) <a href="mailto:kevin.stackhouse@south-derbys.gov.uk">kevin.stackhouse@south-derbys.gov.uk</a></b>	<b>DOC:</b> u/ks/financial monitoring reports/2016/2 September
<b>SUBJECT:</b>	<b>BUDGET AND FINANCIAL MONITORING 2016/17</b>	<b>REF</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

## **1.0 Recommendation**

1.1 That the latest budget and financial position for 2016/17 is considered and approved.

## **2.0 Purpose of the Report**

2.1 To provide progress on performance against budgets for the financial year 2016/17, together with an update on the Council's treasury management activities for the year.

2.2 Where appropriate, the effects upon the Medium-Term Financial Plan are also noted.

2.3 The report details performance up to 30th June 2016, i.e. the first full quarter of the financial year.

## **3.0 Detail**

### **GENERAL FUND REVENUE ACCOUNT**

3.1 Apart from Council Housing, day-to-day revenue income and expenditure on Council services is accounted for through the General Fund. The Net Expenditure is financed from the Council's Core Spending Power which is mixture of:

- General Government Grant
- Retained Business Rates
- New Homes Bonus
- Council Tax

- 3.2 The Budget for 2016/17, which was approved by the Council in February 2016, estimated a budget surplus of £856,917 for 2016/17. The large surplus reflects an anticipated increase in core funding between 2015/16 and 2016/17 of approximately £450,000 and in particular New Homes Bonus, Retained Business Rates and Council Tax income.
- 3.3 In addition, the base budget for income from Planning Fees was increased by £150,000 to reflect current volumes. Gross expenditure, overall, is estimated to remain fairly static between 2015/16 and 2016/17.
- 3.4 Since the Budget was approved, the Committee agreed to a budgetary provision of £28,944 towards the set-up and year 1 running costs of Midway Community Centre. This has reduced the estimated surplus to £827,973.
- 3.5 The Budget includes contingent sums set-aside for inflation and growth. The updated Budget is summarised in the following table.

<b>Net Expenditure on Services</b>	<b>£10,921,518</b>
Less - Depreciation and Capital Charges	-£718,739
Add - Minimum / Voluntary Revenue Provisions	£333,133
Add - Contingent Sums	£586,970
Add - Council Tax Support Grant paid to Parish Councils	£43,627
<b>Total Estimated Spending</b>	<b>£11,166,509</b>
Less - Financing	-£11,994,482
<b>Estimated General Fund Surplus 2016/17</b>	<b>-£827,973</b>

### Position as at June 2016

- 3.6 A summary of the position to date and the projected position for the year for each Policy Committee is shown in the following table.

#### Projected Net Expenditure 2016/17

<b>Budget Monitoring - June</b>					
<b>Summary by Policy Committee</b>					
COMMITTEE	ANNUAL			RESERVES	
	BUDGET	PROJECTED ACTUAL	PROJECTED VARIANCE	EARMARKED	NET EFFECT ON GF
	£	£	£	£	£
Environmental and Development	3,533,517	3,588,465	54,947	(51,550)	106,498
Housing & Community	2,435,374	2,339,436	(95,938)	(31,511)	(64,428)
Finance & Management	4,952,572	5,227,033	274,460	290,550	(16,090)
<b>TOTAL</b>	<b>10,921,464</b>	<b>11,154,933</b>	<b>233,470</b>	<b>207,489</b>	<b>25,980</b>

- 3.7 The above table shows that based on current spending and after adjusting for transfers between earmarked reserves, there is a small projected increase in net expenditure of £25,980 compared to the Budget for the year.

3.8 An analysis by main service area is shown in the following table.

**Budget Monitoring - June**  
**Summary by Main Service Area**

Performance against Budget 2016/17 as at June 2016 (by Service)

MAIN SERVICE AREA	BUDGET	PROJECTED ACTUAL	PROJECTED VARIANCE	EARMARKED	NET EFFECT ON GF
	£	£	£	£	£
Economic Development	240,852	230,539	(10,313)	0	(10,313)
Environmental Services	494,704	474,990	(19,714)	0	(19,714)
Highways	27,150	28,061	910	0	910
Licensing and Land Charges	(34,168)	(37,175)	(3,008)	0	(3,008)
Planning	184,058	232,500	48,442	10,500	37,942
Town Centre	66,780	73,749	6,970	0	6,970
Waste Collection & Street Cleansing	1,630,062	1,730,605	100,543	0	100,543
Environmental Education	69,104	7,054	(62,050)	(62,050)	0
Transport (Vehicles and Plant)	854,975	848,142	(6,832)	0	(6,832)
Community Development and Support	668,044	683,872	15,828	17,179	(1,351)
Leisure and Recreational Activities	178,842	185,712	6,870	(1,774)	8,644
Leisure Centres and Community Facilities	529,430	408,713	(120,717)	(73,678)	(47,040)
Parks and Open Spaces	682,086	656,928	(25,158)	0	(25,158)
Private Sector Housing	376,972	404,211	27,239	26,762	477
Central and Departmental Accounts	3,378,833	3,376,453	(2,380)	18,371	(20,751)
Revenues and Benefits	400,384	389,561	(10,823)	0	(10,823)
Electoral Registration	154,250	150,508	(3,742)	0	(3,742)
Corporate and Democratic Costs	654,192	645,646	(8,546)	0	(8,546)
Payments to Parish Councils	342,446	349,296	6,850	6,850	0
Concessionary Travel	0	(220)	(220)	0	(220)
Property and Estates	(149,567)	(153,650)	(4,083)	0	(4,083)
Pensions, Grants Interest, S106	172,034	469,437	297,404	265,329	32,074
<b>TOTAL</b>	<b>10,921,464</b>	<b>11,154,933</b>	<b>233,470</b>	<b>207,489</b>	<b>25,980</b>

### Overview of Spending to date

3.9 The main reasons for the projected variance at this stage (Quarter 1) are shown in the following table.

	£'000
Leisure Management Contract Renewal Savings	-52
Salary savings (vacancies, maternity etc.) - E&D	-45
Direct Services Restructure Saving	-43
Salary savings (vacancies, maternity etc.) - F&M	-43
Waste Less Save More Project - Contribution to Staffing Costs	-20
Food Safety Licensing Income	-15

Reduced Bank Charges	-7
Cemetery Fees	-7
Salary savings (vacancies, maternity etc.) - H&C	-6
Elected Members Savings (training and expenses, etc.)	-5
Increased Interest Income	-3
R&M Melbourne Leisure Centre	5
Approved Voluntary Redundancy costs (in connection with the DSO Restructure)	6
Deficit on Parking Enforcement	7
HMRC Tax Charge Unbudgeted	9
Agency Staff	36
Pension Deficit	36
Building Control Reduced Income	50
Vehicle Hire	55
Cost of Temporary Waste & Transport Manager	63
Other Variances (net)	5
<b>TOTAL - OVERALL PROJECTED VARIANCE</b>	<b>26</b>

- 3.10 The main variances relate firstly to the reduced annual contract payment for the extension of the Leisure Management Contract. The Contract now includes the addition of the Extreme Sports Facility in the Grove Hall.
- 3.11 The preceding table shows that budget savings are currently being made from vacant posts, although these are generally being covered through temporary contracts and agency workers.
- 3.12 The saving from the Direct Services Restructure is that approved by the Committee in February 2016. However, this saving will be absorbed by the additional costs of a temporary Waste and Transport Manager who is providing cover for a secondment to the Waste Less, Save More Project.
- 3.13 Although this was not a resolution at the February Committee, it was minuted that *"in order to cover the work of a member of staff involved with the Sainsbury's project, some of the predicted savings will be diverted to temporarily back-fill this post for up to a year. There will be an opportunity to apply for Funding on a project by project basis to offset the costs."*
- 3.14 A sum of £20,000 was subsequently secured. Given the cost of the temporary manager (£63,000) the restructure savings (£43,000) together with the £20,000 contribution, will be utilised by December 2016.

### **Income**

- 3.15 Income from Planning Fees is currently on budget, although as stated earlier, the base budget was increased by £150,000 in 2016/17. Income from Building Control is currently less than budget.

## Vehicles

3.16 The other major cost is additional vehicle hire. The temporary Transport Manager is currently reviewing the management, maintenance and replacement of the fleet and proposals are anticipated later in the year.

## Contingent Sums

3.17 The Budget includes the following contingent sums:

	£
Pay inflation	104,100
Price / Contract Indexation	168,520
Income increases (inflation on fees and charges)	-50,650
Growth	100,000
Waste Collection and Recycling	100,000
Pay and Grading	165,000
	<b>586,970</b>

## Pay Inflation

3.18 The figure on pay inflation was based on an increase of 1.5%. The national settlement for local government employees was agreed earlier in the year at 1% effective from 1<sup>st</sup> April 2016 and a further 1% from 1<sup>st</sup> April 2017. The settlement included higher increases for lower grades.

3.19 Therefore, the overall increase is estimated to cost the Council around 2.5% over the two years – 1.25% in 2016/17. Consequently, compared to the budget of 1.5%, this will provide a saving of approximately £17,500 in 2016/17.

## Pay and Grading

3.20 Following approval by the Committee of the new pay model arising out of the Job Evaluation Exercise in 2015/16, this amount will now be included in the base budget on an on-going basis.

3.21 All other sums remain in the contingent reserve at this stage.

## Provisions

3.22 The following provisions were made in the Council's accounts in 2015/16 for liabilities due in 2016/17.

Provision For	£
Refund of Personal Searches	42,000
Planning Appeals	127,000
Early Termination Costs (Voluntary Redundancy)	9,000

**TOTAL PROVISIONS****178,000**

3.23 It is still expected that these amounts will be utilised in 2016/17.

**Core Grants and Funding**

3.24 The following grants have been confirmed for the year.

<b>Core Grants and Funding 2016/17</b>	<b>Estimate £'000</b>	<b>Actual £'000</b>	<b>Variance £'000</b>
New Homes Bonus (NHB)	2,855	2,855	0
NHB – Additional Funding	0	5	5
Revenue Support Grant (Fixed)	1,199	1,199	0
Transitional Grant	3	3	0
Retained Business Rates (see below)	3,171	3,174	3
<b>Total Core Grants</b>	<b>7,228</b>	<b>7,236</b>	<b>8</b>

**Retained Business Rates**

3.25 Overall, income from business rates is currently forecast on budget as shown in the following table.

<b>Business Rates Income 2016/17</b>	<b>Estimate £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>
Approved Precept 2016/17 (Fixed)	9,414	9,414	0
Surplus / Deficit (-) 2015/16	220	-130	-350
Less Tariff paid to the Government (Fixed)	-6,252	-6,252	0
Section 31 Grants - Business Rate Reliefs	0	353	353
Payment of Levy to Derbyshire Business Rates Pool	-577	-577	0
Share of growth returned from the Pool	366	366	0
<b>Net amount received in Retention System</b>	<b>3,171</b>	<b>3,174</b>	<b>3</b>

3.26 The main differences are that the anticipated surplus in the Collection Fund of £220k in 2015/16 was replaced by an actual deficit. As reported to the Committee in June, this was due to the large increase in the provision for appeals during the final part of the 2015/16 financial year.

3.27 This has effectively been offset by the continuation of Section 31 grants. This is a separate Government Grant to reimburse a reduction in income from support provided to small businesses and to cap the inflationary increase in the actual national Business Rate in 2016/17.

3.28 These grants are not budgeted for as it is never fully known whether the national schemes and associated Government financing will continue when the Budget is set.

**Overall General Fund Position**

3.29 After allowing for all variances and adjustments, the projected overall position on the General Fund for 2016/17, compared to the Budget, is fairly neutral as shown in the following table.

	£'000
Higher Net Expenditure	26
Use of Contingent Sums Lower (Pay Award)	-17
Additional Core Grants and Funding	-8
Additional Business Rates Income	-3
<b>Projected Reduction in Net Expenditure 2016/17</b>	<b>-2</b>

## THE COLLECTION FUND

3.30 The Collection Fund is the statutory account that records the collection of Council Tax and Business Rates and shows how that income has been distributed to the Government and Preceptors on the Fund, including this Council.

3.31 Any surplus or deficit on the Fund is transferred to the General Funds of the Preceptors, in proportion to precepts levied each year. The projected position on the Fund for 2016/17, based on transactions up to 30th June 2016, is detailed in **Appendix 1**.

3.32 This shows that the projected position on the Fund as at 31<sup>st</sup> March 2017 is currently £579,000 for Council Tax and £388,000 for Business Rates. In both instances, this is greater than estimated.

### Council Tax

3.33 The projected balance is approximately £130,000 greater than estimated. This is mainly due to an increase in the tax base, which is likely to exceed that budgeted in January 2016. The Council's share, if declared in the 2017/18 Budget Round, would be approximately £14,000.

3.34 The number of live properties has grown from 41,377 to 41,815 between October 2015 and June 2016. This is increasing the tax base (equivalent Band D properties) which was 33,696 as at June 2016; this is already marginally above the estimate for the year of 33,693.

3.35 As approved, the surplus declared on Council Tax for 2015/16 is being paid to Preceptors including £20,000 to the Council's General Fund in 2016/17.

### Local Council Tax Support Scheme

3.36 For information, the cost of the Local Council Tax Support Scheme (LCTSS) which is charged to and financed from with Collection Fund is shown in the following table.

2012/13	£4.95m
2013/14	£4.65m

2014/15	£4.51m
2015/16	£4.38m
2016/17 (projected)	£4.46m

3.37 The Government have recently consulted and reviewed the operation of LCTSS across the country. Any matters arising from the consultation will be considered in proposals for the Council's Scheme for 2017/18.

### **Business Rates**

3.38 As previously reported, the Business Rates Account incurred a deficit in 2015/16 of £326k due to a large increase in the provision for appeals. This will be shared amongst the Preceptors and charged to their General Funds in 2016/17, with the Council's proportion being £130k as shown earlier in the report.

3.39 However, due to an increase in 2016/17, it is projected that Business Rates will revert back into surplus leading to a positive balance of approximately £388,000 as at March 2017. The Council's proportion of this, at 40%, is estimated at approximately £155,000. This would be transferred to the General Fund in 2017/18.

### **Derbyshire Business Rates Pool**

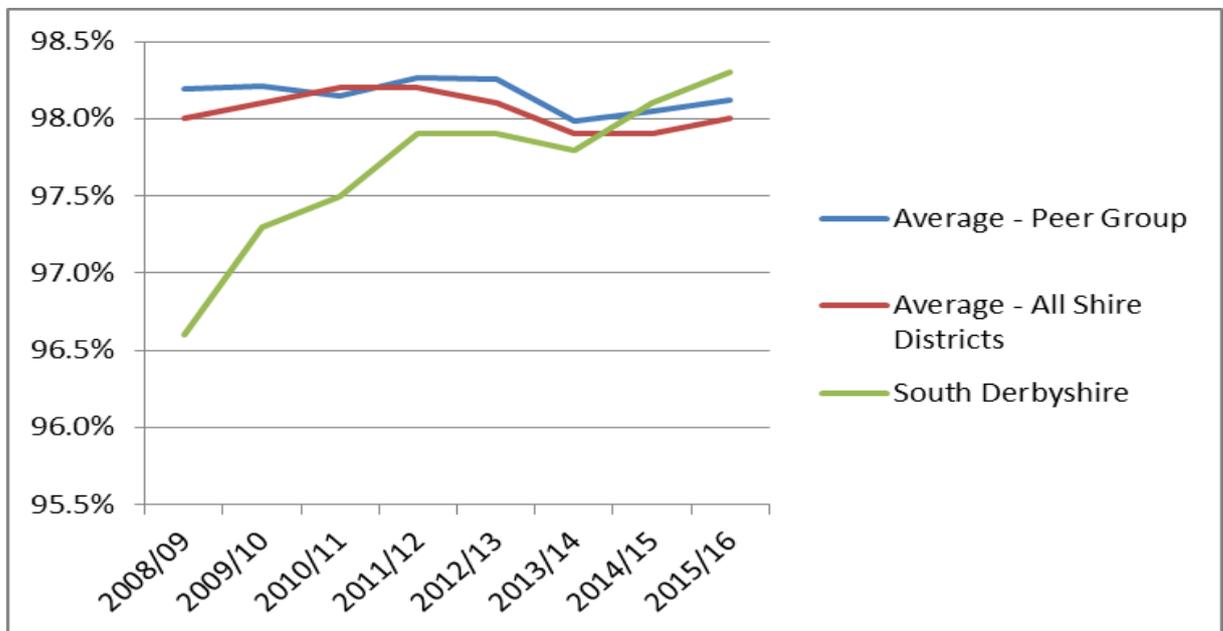
3.40 The half-yearly performance of the Pool is due to be reported at the end of September 2016.

### **Collection Rates**

3.41 The Council's performance in collecting Council Tax and Business Rates in 2015/16 was reported to the Committee in June. This included how collection rates compared to targets and key performance indicators in the Contract with Northgate Public Services. The overall target was achieved.

3.42 National performance has since been published and the following charts show the Council's performance compared with other councils over the last several years up to and including 2015/16.

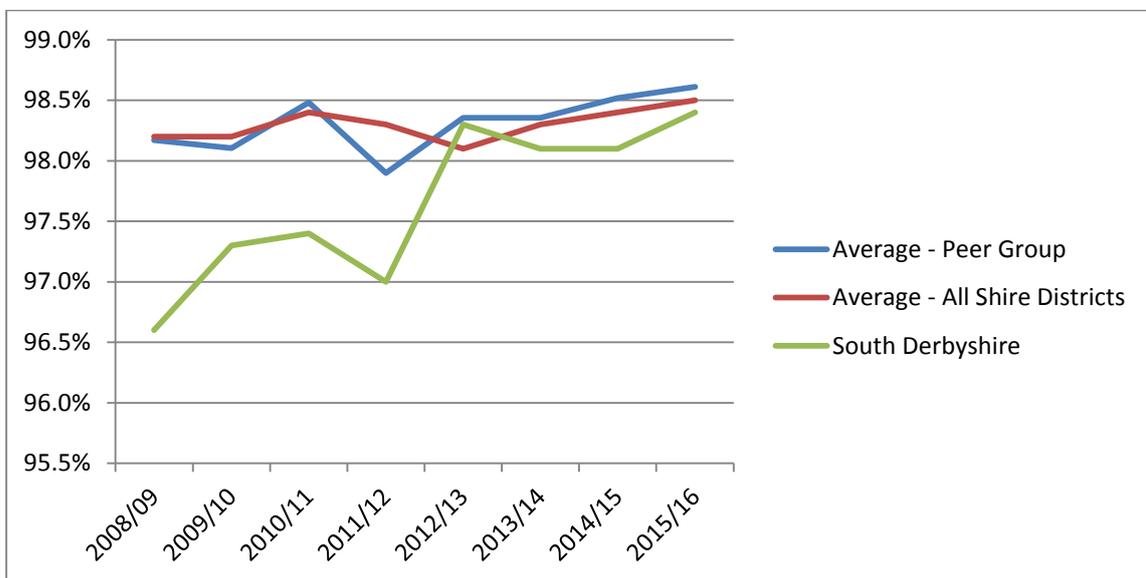
### ***Council Tax Collection Rates***



3.43 The above chart shows in-year collection rates, with the Council’s performance compared with all shire districts in England, together with its peer group. The peer group consists of 16 shire districts with demographics considered fairly similar relative to each other.

3.44 The chart shows that the Council’s performance in Council Tax collection has improved since 2008/09 and in the last 2 years has exceeded the average for shire districts and the peer group.

**Business Rates Collection**



3.45 The Council’s performance on business rates collection has also improved although by 2015/16 it was still slightly below both averages.

**Redistribution of Business Rates – National Consultation**

3.46 In July, the Government published a consultation paper “*Self-sufficient local government: 100% Business Rates Retention.*” The paper is seeking views regarding the implementation of 100% Business Rates Retention for local

government as outlined in the Government's 2016 Budget. The consultation periods ends on 26<sup>th</sup> September.

- 3.47 The Government's intention is for a new system to be implemented in 2019/20 or 2020/21. The exact year will depend on the outcome of pilot exercises that will commence in April 2017 in Greater Manchester, the Liverpool City Region and London. Other authorities can apply to become a pilot where there is an agreed devolution deal in place covering their area.
- 3.48 The Government have indicated that they wish to retain the current system of top ups and tariffs in the new system to ensure that every council retains enough resources to operate at their assessed baseline need. A discussion paper was also published alongside the consultation on updating the needs assessment. This paper has also invited comments on the data to be used in assessing future need.
- 3.49 It is likely that there will be no levy in the new system as all business rates and growth in receipts will stay directly within local government. Therefore, no payment will be made to the Government. However, the distribution will need to be determined between different tier authorities.
- 3.50 The Government favour the continuation of a safety net mechanism to protect, in particular, smaller councils who may have a large business that pays a disproportionate amount of rates compared to all other businesses. However, the consultation is inviting comments on whether this safety net should be applied regionally rather than at individual authority level.
- 3.51 On the regional issue, the Government is seeking views on the role and responsibilities of combined authorities in the new system. The Government has reiterated that the new system must be fiscally neutral at a national level – the return of the 50% of business rates currently paid over centrally is not new money.
- 3.52 Therefore, the Government are proposing to devolve certain responsibilities (to be determined through this consultation) to local councils and to transfer the funding with those responsibilities. They propose to do this by ending the funding for a set of responsibilities, currently financed centrally at the national level.
- 3.53 The paper suggests what those responsibilities should be, but is seeking views from councils, through the consultation, on what could be devolved and who to. The main ones suggested in the consultation cover the following services:
- Transport
  - Public Health
  - Better Care / Independent Living
  - Early years support
  - Youth justice
  - Investment / Infrastructure Boards
  - Adult Education
  - Sport

- 3.54 The paper asks a series of technical questions regarding how often the system should be reset, together with how revaluations and reliefs should be treated.
- 3.55 The paper is also seeking views on whether Combined Authority Mayors will be able to levy a supplement on business rates, whilst multi-tier areas could be given the flexibility to reduce the rate (in the pound) payable in their area. Currently, these rates are set nationally.
- 3.56 In general, there are no definitive proposals within the paper, the matters under consideration are broad and the Government is seeking views. There will be a subsequent consultation on the technical details later in the process.
- 3.57 However, it is clear that the proposals, alongside the review of the needs formula, could herald a significant change. This is why a lead in time of at least 3 years is planned.
- 3.58 The Local Government Association is working direct with the DCLG on the proposals. The Council will be formulating a response jointly with other district councils, including the District Councils Network.
- 3.59 Derbyshire authorities are also currently working on and considering a joint response. This is focusing on the principle of additional resources and future growth in a new system being shared across the County with the associated risk also being shared. This would look to build on the success to date of the current Derbyshire Pool.

### **New Homes Bonus**

- 3.60 The Government has indicated that they will be issuing a formal response later in September, to matters raised during its consultation on proposals to amend the distribution of the New Homes Bonus. As previously reported, the Council submitted a specific response in March 2016.
- 3.61 In particular, the Council requested that the DCLG should treat South Derbyshire as an exceptional case under the proposals, given the growth of the area and the potential impact that the funding proposals will have on the Council's financial position.

### **HOUSING REVENUE ACCOUNT (HRA)**

- 3.62 The Council is required to account separately for income and expenditure in providing Council Housing.
- 3.63 The approved HRA Budget for 2016/17 was set with an in-year surplus projected at £968,000. This was increased to a surplus of £1.46 in June 2016, following a reprofiling of capital expenditure covering 2015/16 and 2016/17 as previously reported to the Committee, together with the latest estimates for the letting of new properties.

3.64 Performance on the HRA as at June 2016 is summarised in the following table.

Summary HRA 2016/17	BUDGET	PROJECTED ACTUAL	PROJECTED VARIANCE
	£000	£000	£000
Total Income	-12,989	-12,969	20
Contribution to Capital & New Build	3,795	3,795	0
Responsive & Planned Maintenance	3,218	3,234	16
Interest on Debt	1,690	1,690	0
Supervision & Management	1,765	1,757	-8
Supported Housing & Careline Services	798	788	-10
Provision for Bad Debts	44	44	0
Contingent Sums	215	215	0
<b>Surplus</b>	<b>-1,464</b>	<b>-1,446</b>	<b>18</b>

3.65 The table shows that overall the HRA is fairly neutral with a projected increase in net expenditure of approximately £18,000. This would not in itself, significantly affect the overall HRA in the longer-term.

3.66 The main variance is the projected reduction in Supporting People grant of £20,000. This was anticipated and further reductions in future years have previously been highlighted as a risk in the HRA's longer-term financial projection.

### CAPITAL EXPENDITURE and FINANCING 2016/17

3.67 The Capital Programme was approved by the Committee in February 2016. It has been updated following the budget out-turn in 2015/16 and in particular, to reflect expenditure and funding held over from 2015/16 due to slippage.

3.68 Progress in 2016/17 across the main projects and schemes is shown in the following table.

Capital Spending 2016/17 (as at June 2016)	Approved Budget £	Actual £
Council House Capital Works	2,795,000	731,878
New Build Schemes - Phase 1	1,180,000	571,438
New Build - Phase 2 Acquisitions	2,700,000	0
Private Sector Housing Works	697,739	4,501
Environmental and Heritage Schemes	177,097	62
Swadlincote Woodlands Nature Reserve	37,000	0
Rosliston Forestry Centre - Play Project	130,000	0
Grove Active Zone/Cycling/Tennis	48,000	15,466
Community Partnership Scheme	177,211	5,560
Melbourne Leisure Centre	75,000	0
Melbourne Sports Partnership	1,112,603	684,496
Open Space Development Project	0	21,954
Waste Less , Save More Project	0	35,483

Vehicle Replacements	1,226,496	0
Property Maintenance, Development and Refurbishment	274,198	28,756
<b>Total</b>	<b>10,630,344</b>	<b>2,099,593</b>

### **New Build – Phase 1**

- 3.69 The 3 approved schemes are now complete and the final contract payments are now due to be paid.

### **New Build – Phase 2 Acquisitions**

- 3.70 The payments to purchase properties at Rowley Court and in Alexandra Road have now been made and these will be reflected in the ½ year figures.

### **Private Sector Housing Works**

- 3.71 During the first quarter, there was a slight delay in committing works until funding was confirmed for Disabled Facility Grants from the County Council. This funding was confirmed and works have now been committed.

### **Environmental and Heritage Schemes**

- 3.72 This relates to the Swadlincote Town Centre Scheme following the award of funding earlier in the year. Detailed plans have recently been approved and it is expected that spending to deliver approved projects will be incurred over the remainder of the year.

### **Leisure and Community Schemes**

- 3.73 The schemes at Swadlincote Woodlands and at Rosliston Forestry Centre are still awaiting confirmation of external funding. The Community Group overseeing the management of Melbourne Leisure Centre is currently drawing up a schedule of works.
- 3.74 The Open Space Development Project relates to works and the provision of a skate park in Newhall. This is externally funded and the Council is solely acting as the Accountable Body for financial purposes. This principle also applies to the Waste Less Save More project.

### **Melbourne Sporting Partnership**

- 3.75 The scheme to deliver new recreational and sport facilities at Cockshut Lane is substantially complete. However, additional costs are likely to be incurred and this is subject to a separate report elsewhere on this Committee's Agenda (Item 8).

### **Vehicle Replacements**

- 3.76 No major replacements have been made to date. A vehicle management strategy, which includes future procurement, is due to be reported to the Environmental and Development Services Committee on 29<sup>th</sup> September.

## External Finance Outstanding

3.77 Two projects which were completed in 2015/16 are still subject to external finance being secured. These amounts were part of the approved funding package and were accrued in the Council's accounts for 2015/16. The schemes are:

- Hilton Village Hall Extension (Growth Point Funding) - £31,000
- Green Bank Leisure Centre (Partner Contribution) - £85,000

3.78 These amounts total £116,000. Confirmation has recently been received that these amounts are shortly to be paid over to the Council.

## Housing Capital Receipts

3.79 There were 3 council house sales in the first quarter of the financial year. These generated gross receipts of £183,030 of which £96,246 (52%) has been paid over to the national pool. The net amount retained of £86,784 has been transferred to the New Build Reserve.

3.80 *Just to note that a further 3 sales were due to be completed during August 2016.*

## TREASURY MANAGEMENT

3.81 An analysis of the Council's borrowing and bank deposits is summarised in the tables which follow below. These show the position at 30th June 2016.

3.82 Debt outstanding is split between the HRA and the General Fund and this represents the "two pool" approach adopted for debt management.

	01/04/16 £'000	30/06/16 £'000	Change £'000
<b>Housing Revenue Account</b>			
Debt Outstanding (Average Rate 2.7%)	57,423	57,423	0
Capital Financing Requirement (CFR)	61,584	61,584	0
Statutory Debt Cap	66,853	66,853	0
Borrowing Capacity (Statutory Cap Less Debt o/s)	9,430	9,430	0

<b>General Fund</b>			
Debt Outstanding	0	0	0
Capital Financing Requirement (CFR)	6,354	6,354	0
Borrowing Capacity (CFR Less Debt o/s)	6,354	6,354	0

<b>Temporary Deposits and Short Term Borrowing</b>			
Temporary Bank and other Deposits	11,000	14,000	3,000
Less Parish Council Deposits	-28	-28	0

<b>Total - Short-term Cash Position</b>	<b>10,972</b>	<b>13,972</b>	<b>3,000</b>
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Average Interest Rate	0.32%	0.46%	0.14%
Average 7-Day Money Market Rate	0.50%	0.51%	0.01%

### Short-term Deposits

3.83 The deposits of £14m were being invested as follows:

Debt Management Office (DMO)	£2.0m	0.25%
Other Local Authorities	£12.0m	0.50%

3.84 Money on deposit with other local authorities tends to be for longer periods of between 3 months and 364 days. Deposits with the DMO are for shorter periods to manage cash flow and to avoid the need for short-term borrowing.

3.85 In addition, “overnight” funds of £3.5m were held in instant access accounts with the Bank of Scotland, HSBC and Barclays. These funds are held pending payments due in the short-term - creditors, payroll, precepts, etc. These accounts generally pay between 0.2% and 0.4% in interest.

3.86 Total interest accrued to date on all deposits totals £15,200 and is projected to be £60,000 for the year. This compares with a budget estimate of £47,000.

### Lending Policy and Counterparty List

3.87 No changes are considered necessary to the current list and lending policy approved in the Treasury Management Strategy.

3.88 Following the outcome of the EU Referendum in June, there was some volatility in financial markets, although this has since stabilised. The value of the pound against other major currencies and in particular the Euro, remains lower compared to its value before the Referendum.

3.89 Therefore, at its meeting in August, the Bank of England’s Monetary Policy Committee (MPC) voted unanimously to cut the Bank Base Rate to 0.25% from 0.5%, the first change since March 2009. In doing so, the MPC noted that following the United Kingdom’s vote to leave the European Union, the exchange rate had fallen and the outlook for growth in the short to medium term had weakened markedly.

3.90 It was also considered that the previous fall in sterling was likely to increase inflation in the short-term, through more expensive imports, above the Government’s 2% target for CPI.

3.91 The fall in the Base Rate will reduce the interest rate received on future Council deposits, although those currently fixed at higher rates, will remain until maturity.

4.1 As detailed in the report

## **5.0 Corporate Implications**

5.1 None directly

## **6.0 Community Implications**

6.1 None directly

## **7.0 Background Papers**

7.1 None

## APPENDIX 1

### COLLECTION FUND MONITORING 2016/17

	Actual 2015/16 £'000	Estimated 2016/17 £'000	Projected 2016/17 £'000	
<b>COUNCIL TAX - INCOME &amp; EXPENDITURE</b>				
<b>INCOME</b>				
Council Tax Collectable	47,471	49,702	49,835	<i>Debit as at June 2016 per ct6140c</i>
<b>EXPENDITURE</b>				
County Council Precept	34,295	36,109	36,109	<i>Actual amount due as set in March 2016</i>
Police and Crime Commissioner Precept	5,313	5,487	5,487	<i>As above</i>
Fire and Rescue Authority Precept	2,137	2,206	2,206	<i>As above</i>
SDDC Precept	4,599	4,747	4,747	<i>As above</i>
SDDC Parish Precepts	668	679	679	<i>As above</i>
Increase in Bad Debts Provision	248	258	259	<i>0.52% of Council Tax Collectable</i>
<b>Total Expenditure</b>	<b>47,260</b>	<b>49,486</b>	<b>49,487</b>	
<b>Surplus for the Year</b>	<b>211</b>	<b>216</b>	<b>348</b>	
<b>COUNCIL TAX BALANCE</b>				
Opening Balance 1st April	696	407	407	<i>As per final accounts 2015/16</i>
Share of Previous Surplus to County Council	-364	-128	-128	<i>Approved by Committee in Jan 2016</i>
Share of Previous Surplus to Police	-56	-20	-20	<i>As above</i>
Share of Previous Surplus to Fire Authority	-23	-8	-8	<i>As above</i>
Share of Previous Surplus to SDDC	-57	-20	-20	<i>As above</i>
Surplus for Year (as above)	211	216	348	<i>As above</i>
<b>Closing Balance as at 31st March</b>	<b>407</b>	<b>447</b>	<b>579</b>	
<b>BUSINESS RATES - INCOME &amp; EXPENDITURE</b>				
<b>INCOME</b>				
Business Rates Collectable	23,351	23,534	24,284	<i>Debit as at June 2016 per NR7050</i>
<b>EXPENDITURE</b>				
Central Government Precept	10,990	11,767	11,767	<i>As per NNDR1 2016/17</i>
SDDC Precept	8,792	9,414	9,414	<i>As above</i>
Derbyshire County Council Precept	1,978	2,118	2,118	<i>As above</i>
Fire and Rescue Service Precept	220	235	235	<i>As above</i>
Cost of Collection	92	91	91	<i>Fixed amount</i>
Transitional Protection Payments	26	0	0	
Increase in Bad Debts Provision	90	94	97	<i>0.4% of rates collectable</i>
Provision for Appeals	1,489	100	100	<i>One-off increase in 2015/16</i>
<b>Total Expenditure</b>	<b>23,677</b>	<b>23,819</b>	<b>23,822</b>	
<b>Surplus / Deficit (-)</b>			<b>462</b>	

**BUSINESS RATES BALANCE**

Opening Balance 1st April	647	-400	-400	
Transfer of Previous Year's Surplus (-) / Deficit	-361	-274	163	Government share at 50%
Transfer of Previous Year's Surplus (-) / Deficit	-288	-220	130	SDDC Share at 40%
Transfer of Previous Year's Surplus (-) / Deficit	-65	-49	29	County Council Share at 9%
Transfer of Previous Year's Surplus (-) / Deficit	-7	-5	3	Fire Authority Share at 1%
Surplus / Deficit (-) for the Year as above	-326	-285	462	
<b>Closing Balance as at 31st March</b>	<b>-400</b>	<b>-1,233</b>	<b>388</b>	

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<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 12</b>
<b>DATE OF MEETING:</b>	<b>1st SEPTEMBER 2016</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF FINANCE AND CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>	<b>DOC:</b> u/ks/revenues and benefits/policies and procedures/leasehold flat insurance
<b>SUBJECT:</b>	<b>LEASEHOLD FLAT INSURANCE</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

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## **1.0 Recommendations**

- 1.1 That the annual recharge to leaseholders of Council flats for buildings insurance is considered and a decision is made regarding the cost passed onto individual leaseholders.
- 1.2 That subject to 1.1, the difference between the total cost to the Council and the amount recharged is met from the Housing Revenue Account (HRA).
- 1.3 That subject to 1.1, the terms of the lease are varied to reflect any change in the cost of the buildings insurance recharged.

## **2.0 Purpose of Report**

- 2.1 To consider a matter raised by leaseholders regarding the level of buildings insurance recharged by the Council.

## **3.0 Detail**

### **Background**

- 3.1 The Council owns leases on 38 flats under long-term agreements. The flats were originally sold under the right to buy scheme. The Council owns the land and the leaseholder effectively owns the buildings until the expiry of the lease. Each lease has an initial period of 125 years.
- 3.2 Under accounting regulations, each flat is a HRA property as the Council owns the land and the leasehold flats are situated in blocks with other HRA rented properties. Each leaseholder is charged a service charge of approximately £10 per year.
- 3.3 The leaseholder is responsible for the management and maintenance of their flat, whilst the Council is responsible for communal areas such as corridors and hallways.

- 3.4 As part of the lease agreement, the leaseholder is required to reimburse the Council for buildings insurance. The current recharge policy, which has always existed, is that the full cost to the Council of insuring these flats is recharged to the leaseholder. This is standard practice at other authorities.
- 3.5 The leaseholders are made fully aware of this when signing their Agreement.
- 3.6 From time-to-time, the Council has received concerns that the level of recharge is expensive compared to what an individual leaseholder could potentially insure their flat for themselves. There has now been a formal request for the Council to review the level of recharge.

### **Buildings Insurance**

- 3.7 The leaseholder is responsible for contents insurance whilst the Council remains responsible for insuring the buildings. The insurance cover is provided through the Council's insurers (Zurich Municipal) and this forms part of the overall insurance provided to the Council.
- 3.8 The Council has previously tried unsuccessfully to source a separate insurer just for leasehold flats. Indeed, when the Council's insurance premiums were last retendered in September 2015, it was only Zurich who tendered for this policy.
- 3.9 The policy is a stand-alone policy which the Council effectively administers on behalf of the leaseholders. The premium is calculated at a rate of "£x" per £1,000 of the market value of the flat.

### **The Legal Position**

- 3.10 Under the Landlord and Tenant Act 1985, the leaseholder has the right to challenge the cost of insurance and can provide evidence to demonstrate that the cost is unreasonable. The Council does not need to charge the cheapest premium available as long as the reasons for doing so can be justified and that the premium reflects the "market norm."
- 3.11 Within the lease, the Council covenants to insure the building and the tenant covenants to pay a yearly insurance. The relevant clause clearly states that the building will be insured with other properties in a composite policy and that a fair proportion of the premium is payable annually. If challenged, the Council's position in passing on the charge from the insurers following a tendering exercise would be considered a robust defence.

### **The Cost of Insurance**

- 3.12 As stated above, the cost of the buildings insurance for leaseholders is contained in a separate policy for the individual flats. The whole building,

including other tenanted flats, common parts and communal areas are insured under the Council's Property Insurance.

- 3.13 It is important the Council retains control over the insurance of the entire building for the benefit and protection of all occupying leaseholders and other tenants, together with protecting the Council's freehold interest.
- 3.14 Several leaseholders have asked whether they can arrange their own insurance. However, this could become an uncontrollable risk for the Council if a policy became invalidated in the event of default.
- 3.15 Even if leaseholders provided the Council annually with proof that they had secured adequate insurance, the Council could not guarantee that they would not default in some way between the annual check, i.e. missing a payment, failing to abide by the conditions or even cancelling the policy.
- 3.16 The price of insurance appears high for an individual flat. However, the Council has a large portfolio of property, with complex and frequently changing tenancy and user arrangements.
- 3.17 This requires a specialist local authority insurer able to cater for the associated risks and perils. The cost may be higher than the individual flat on its own, as the Insurers need to protect the Council against an incident caused by the leaseholder damaging the entire building structure and consequently protect the Council's freehold interest.
- 3.18 However, the Council does have flexibility to charge a lower amount if it considers that it is reasonable to do so. Some individual leaseholders have sourced their own quotes (just for their own flat) and the price has been between 50% and 60% lower, clearly a significant difference when the current annual premium charged by Zurich is up to £300.
- 3.19 Research by council officers has verified that this is the case, with the market average, depending on post code area, being lower for an individual flat. Therefore, it could be considered that the Council's charge, although legitimate, is above the "market norm."
- 3.20 However, as highlighted above, individual quotes from a non-local authority insurer, may not be on a like for like basis. In addition, the Council could find itself in a position in having to negotiate the annual recharge where a different quote is sought by the leaseholder.
- 3.21 With the current recharge, there is certainty that the cost is based on a tendered sum and reflects all the risks to the Council. Therefore, the Council's assessment of any other amount to be recharged would need to be final.
- 3.22 This would then need to be reflected and made clear in a variation to the lease agreement. This could be a lengthy and costly process to agree changes to both the Council and to each individual leaseholder if they need to seek independent advice.

#### **4.0 Financial Implications**

- 4.1 The total cost of leasehold insurance recharged is £11,110 in 2016/17 for all leaseholders. If the recharge was reduced to reflect just the cost of an individual flat, for example by 60%, this would cost the Council approximately £6,500 per year.
- 4.2 This would be a charge in the HRA as these flats are still classified as housing assets. Although the annual charge is not considered significant, it is an on-going cost.
- 4.3 This on-going cost needs to be considered at a time when the financial position on the HRA is tight and future capital expenditure budgets have recently been reduced to ensure the sustainability of the HRA in the longer-term.
- 4.4 It is also likely that there would be some legal costs associated with varying the terms of the lease.

#### **5.0 Corporate Implications**

- 5.1 None directly.

#### **6.0 Community Implications**

- 6.1 None directly.

#### **7.0 Background Papers**

- 7.1 None

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<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 13</b>
<b>DATE OF MEETING:</b>	<b>1<sup>st</sup> SEPTEMBER 2016</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF FINANCE AND CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (EXT 5811)</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>COMMITTEE WORK PROGRAMME</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: G</b>

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### **1.0 Recommendations**

1.1 That the Committee considers and approves the updated work programme.

### **2.0 Purpose of Report**

2.1 The Committee is asked to consider the updated work programme.

### **3.0 Detail**

3.1 Attached at Annexe 'A' is an updated work programme document. The Committee is asked to consider and review the content of this document.

### **4.0 Financial Implications**

4.1 None arising directly from this report.

### **5.0 Background Papers**

5.1 Work Programme.

**Finance and Management Committee – 1<sup>st</sup> September 2016  
Work Programme 2016 onwards**

<b>Work Programme Area</b>	<b>Date of Committee meetings</b>	<b>Contact Officer (Contact details)</b>
<b>Reports Previously Considered By Last 3 Committees</b>		
Debt Management and Credit Control Policy	28 <sup>th</sup> April 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Corporate Plan Performance Management Framework	28 <sup>th</sup> April 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Open Space, Sport and Community Facility Strategy	28 <sup>th</sup> April 2016	Stuart Batchelor Director of Community and Planning Services (01283 595820)
Corporate Services Performance Monitoring Quarter 4 and Final Ou-turn 2015/16	16 <sup>th</sup> June 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Consultation Annual report 2015/16	16 <sup>th</sup> June 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Communications Annual Report 2015/16	16 <sup>th</sup> June 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)

Data Quality Strategy Annual Report 2015/16	16 <sup>th</sup> June 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Corporate Equalities and Safeguarding Annual Report 2015/16	16 <sup>th</sup> June 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Health and Safety Annual Report 2015/16	16 <sup>th</sup> June 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Compliments, Complaints and Freedom of Information Requests October 2015 to March 2016	16 <sup>th</sup> June 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Corporate Services Directorate: Service Plan 2016/17	16 <sup>th</sup> June 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Treasury Management Out-turn Report 2015/16	21 <sup>st</sup> June 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Budget Out-turn Report 2015/16	21 <sup>st</sup> June 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Corporate Plan: Performance Monitoring 2016/17 Quarter 1	1 <sup>st</sup> September 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)

Open Space, Sport and Community Facility Development Update	1 <sup>st</sup> September 2016	Stuart Batchelor Open Space and Facility Development Manager (01283) 5955820
Procurement Strategy and Framework 2016 to 2020	1 <sup>st</sup> September 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Health and Safety: Quarterly Report April to June 2016	1 <sup>st</sup> September 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Budget and Financial Monitoring 2016/17	1 <sup>st</sup> September 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Leasehold Flat Insurance	1 <sup>st</sup> September 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Accounts and Financial Statements 2015/16	22 <sup>nd</sup> September 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Final Budget Out-turn 2015/16	22 <sup>nd</sup> September 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Updated Medium Term Financial Position	13 <sup>th</sup> October 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)

A Review of the Local Council Tax Support Scheme	13 <sup>th</sup> October 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Universal Credit Update	13 <sup>th</sup> October 2016	Chris Holloway Housing Operations Manager (01283 595957)
Corporate Plan: Performance Monitoring 2016/17 Quarter 2	1 <sup>st</sup> December 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Budget and Financial Monitoring 2016/17	1 <sup>st</sup> December 2016	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Compliments, Complaints and Freedom of Information Requests April to September 2016	12 <sup>th</sup> January 2017	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Service Base Budgets 2017/18	12 <sup>th</sup> January 2017	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Budget 2017 (Incorporating Consolidated Base Budgets 2017/18 and the MTFP to 2022)	12 <sup>th</sup> January 2017	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Corporate Plan: Performance Monitoring 2016/17 Quarter 3	16 <sup>th</sup> February 2017	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)

Treasury Management Strategy and Prudential Indicators 2017/18	16 <sup>th</sup> February 2017	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Final Budget Proposals 2017/18 and Financial Plan to 2022	16 <sup>th</sup> February 2017	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Corporate Plan: Review of Work Plan 2017/18	16 <sup>th</sup> March 2017	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)
Budget and Financial Monitoring 2016/17	16 <sup>th</sup> March 2017	Kevin Stackhouse Director of Finance and Corporate Services (01283 595811)