



**F. McArdle**  
**Chief Executive**

Civic Offices, Civic Way,  
Swadlincote, Derbyshire DE11 0AH

[www.south-derbys.gov.uk](http://www.south-derbys.gov.uk)

**Please ask for: Democratic Services**  
Phone: (01283) 595722 / 595848  
Minicom: (01283) 595849  
DX 23912 Swadlincote  
Email :  
[democraticservices@south-derbys.gov.uk](mailto:democraticservices@south-derbys.gov.uk)

Date: 13 January 2015

Dear Councillor,

**Overview and Scrutiny Committee**

A Meeting of the **Overview and Scrutiny Committee** will be held in the **Council Chamber**, on **Wednesday, 21 January 2015 at 18:00**. You are requested to attend.

Yours faithfully,

Chief Executive

To:- **Conservative Group**

Councillor Mrs. Plenderleith (Chairman), Councillor Atkin (Vice-Chairman) and Councillors Mrs. Hood and Mrs. Patten.

**Labour Group**

Councillors Bambrick, Heath, Mrs. Mead and Pearson.



investor in excellence  
Housing Services



## **AGENDA**

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

- 1** Apologies and to note any substitutes appointed for the Meeting
- 2** To note any declarations of interest arising from any items on the Agenda
- 3** To receive any questions by members of the public pursuant to Council Procedure Rule No.10.
- 4** To receive any questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 5** CUSTOMER SERVICES AND PAYMENT FACILITIES **3 - 12**
- 6** SERVICE BASE BUDGETS 2015 - 2016 **13 - 23**
- 7** BUDGET REPORT 2015 -2016 **24 - 61**
- 8** REGULATION OF INVESTGATORY POWERS ACT 2000 (RIPA) **62 - 108**
- 9** REVIEW ON LEISURE PROVISION (VERBAL)

### **Exclusion of the Public and Press:**

The Chairman may therefore move:-

That in accordance with Section 100 (A) of the Local Government Act 1972 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.

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

---

---

<b>REPORT TO:</b>	<b>OVERVIEW &amp; SCRUTINY COMMITTEE</b>	<b>AGENDA ITEM: 5</b>
<b>DATE OF MEETING:</b>	<b>21st JANUARY 2015</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>OVERVIEW and SCRUTINY COMMITTEE</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/live files/customer access/CS review 2014/CS review report Jan 15
<b>SUBJECT:</b>	<b>CUSTOMER SERVICES and PAYMENT FACILITIES</b>	
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: OS 10</b>

---

---

## **1.0 Recommendations**

- 1.1 That the Committee considers implementing two payment machines at the Civic Offices to enable all cash income payments to be processed.

## **2.0 Purpose of the Report**

- 2.1 To report back to the Committee following a review of payment facilities in the Civic Offices, together with a review of the Customer Services operation. This is in accordance with the Committee's request following its meeting in October 2014.

## **3.0 Detail**

- 3.1 The Finance and Management Committee considered a report in October 2014, regarding the introduction of cash machines into the Civic Offices to enable people to pay bills and money owing to the Council. That report also considered the need to provide a better experience for people contacting the Council and visiting the offices with queries and looking for information.
- 3.2 Following consideration, the Committee agreed that the matter of payment facilities should be reviewed by the Overview and Scrutiny Committee and that this should also examine Customer Services given the increasing demand for people contacting the Council.
- 3.3 Subsequently, the Overview and Scrutiny Committee considered the review at its meeting on 22<sup>nd</sup> October 2014 and agreed the scope of a project. The approved scoping document is attached in **Appendix 1**.
- 3.4 During November and December, as part of the review, Members of the Overview and Scrutiny Committee spent two separate mornings with

Customer Services staff both in reception and in the Contact Centre, together with speaking to visitors who were waiting in the reception area.

- 3.5 Members also visited Derby City Council who had previously introduced payment machines; this was to see similar machines in operation and to discuss their experience following implementation.
- 3.6 Following these site visits, the Members provided a feedback report to the Overview and Scrutiny Committee on 10<sup>th</sup> December 2014. The main points are summarised below.

### **Payment Machines**

- The machines viewed were very versatile and were similar to an ATM. They were touch screen, recognised payment cards and barcodes and could also take cash and cheques, together with providing change and receipts.
- Two machines were implemented on separate power supplies as a contingency against breakdown.
- However, the machines seemed very durable and had only failed to operate on 3 separate occasions since being implemented in February 2012. They are expected to last between 5 and 10 years.
- The average number of transactions is 3,000 per month (across both machines) – well in excess of South Derbyshire's number of 2,000.
- Very few complaints had been received, although coincidentally, there has been an increased take up in Direct Debit and Internet payments at the Council since their implementation.
- All payments can be accommodated, not just for Council Tax; this can include licensing and planning fees, etc.
- There is no alternative facility to handle payments manually by staff; all payments go through the machines.
- Reconciliations and interface with accounting systems to record transactions was easily achieved.

### **Observations in Reception and the Contact Centre**

- Noted that the layout of the waiting area and general reception was a limiting factor and could be improved.
- Six options on the telephone system to help the efficiency of the service; staff considered this to be an effective number as any more could prove frustrating. An upgrade to the system to include Intelligent Voice Recognition is being reviewed.

- Current volumes, especially telephone calls, seemed to be an increasing problem. However, all staff dealt with queries in a professional manner.

***(An analysis and trend of call volumes, visitors and payment transactions is detailed in Appendix 2).***

- Peaks and troughs were observed. The waiting area was no more than a third full at any one time, although these may not have been the busiest days. On average, queries were dealt with in about 10 minutes.
- When visitors were asked about payment machines, opinion was equally divided. Some seemed content to wait to make a payment, whilst others considered that a machine would speed things up.

- 3.7 During both visits, Members were able to see at first hand the processes that had been put in place to reduce waiting and call times to a minimum. Members were generally satisfied that these processes are as efficient as possible for most parts, but it is at peak times, where the sheer volume of enquiries seems to be causing pressure.
- 3.8 Members also noted the difficulties presented by the physical layout of the reception area and discussed with staff whether remodelling could be feasible given the structure of the Civic Offices.
- 3.9 These matters, together with the implementation of payment machines, were considered at the Overview and Scrutiny meeting on 10<sup>th</sup> December. It was agreed that the introduction of payment machines would be beneficial, although their implementation would need to be carefully planned and people supported to transfer. Some staff training would also be required.
- 3.10 It was noted that the cost of capital works in the Customer Services area could be prohibitive due to the structure of the building. It was also noted that some further developments, such as the introduction of “self-service” for form filling and to amend details, were due to be implemented later in the year.
- 3.11 The Overview and Scrutiny Committee consider that other than recommending the implementation of cash machines, there was nothing further to add given the current situation and on-going developments.
- 3.12 In addition, the Committee noted the current negotiations between the Council and the Service Provider regarding resources and considered that this was outside the Committee’s scope to comment on or review any further.

#### **4.0 Financial and Operational Implications – Comments by the Director of Finance and Corporate Services**

- 4.1 The cost of implementing two payment machines is approximately £16,000, with on-going maintenance of approximately £1,000 per year. The capital cost includes set-up, support for implementation and training. These would be based on the specification and type of machine used by Derby City Council.
- 4.2 Some minor works may be required in the reception area depending on the style of machine and their location. It is anticipated that total capital costs would not exceed £20,000 and this could be funded from the IT Reserve, which is set aside for investment in technology.
- 4.3 A total redesign of the Customer Services area is estimated to cost approximately £60,000 due to the scale of the building works required.
- 4.4 No major budget savings are currently identified from the introduction of payment machines, although transaction charges could be lower in the long-term.
- 4.5 As reported to the Finance and Management Committee in October 2014, the principle of implementing payment machines is to redeploy resources to deal with other queries and to reduce waiting times by transferring cash payments to an alternative method.
- 4.6 During busy periods, waiting times for residents can be lengthy. If the number of people making payments could be reduced or alternative facilities provided, this would free up resources to be redeployed to deal with general enquiries more speedily.
- 4.7 People making payments are encouraged to change to Direct Debit or are informed of alternative pay points such as post offices, local shops, etc. This strategy will continue.
- 4.8 It is anticipated that payment machines would reduce demand on resources by eliminating the need to manually handle cash and card payments. Clearly, people could still find themselves queuing but they would not be tying up resources to deal with general enquiries. Having two machines would also help to mitigate this situation.
- 4.9 However, no cash would then be accepted on any of the customer services desks if the full benefit is to be achieved. As is the case at Derby City Council, it is recommended that it would be payment machines only.
- 4.10 If approved, an implementation date of 1<sup>st</sup> April 2015 is recommended to allow sufficient communications to be made, transition and training, etc. This would also co-incide with the start of a new financial year.
- 4.11 Location and sign posting would need to be planned carefully given the limited space in the customer services area. Communication and support for people to start using the machines would also need to be provided. It is expected that any costs associated with this would be contained within existing resources.

## **5.0 Corporate Implications**

5.1 None

## **6.0 Community Implications**

6.1 The review undertaken was aiming to improve the experience for people contacting and dealing with the Council.

## **7.0 Background Papers**

7.1 Report to Finance and Management Committee (16<sup>th</sup> October 2014); ICT and Customer Services Update:

<http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1724/Committee/367/Default.aspx>

7.2 Report to Overview and Scrutiny Committee, 10<sup>th</sup> December 2014

<http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1747/Committee/372/Default.aspx>

# Scoping Document

**Name of Review/Project:**

**Customer Services and Payment Facilities at the Civic Offices**

**Terms of reference:**

A report was considered by the Finance and Management Committee on 16<sup>th</sup> October 2014, regarding the introduction of cash machines in the Civic Offices, for people paying bills. The report also considered the more fundamental issue of current payment facilities being withdrawn, together with the need to provide a better experience for people contacting the Council and visiting the offices with queries and looking for information.

The Finance Committee agreed that the issue of payment facilities should be reviewed by the Overview and Scrutiny Committee and that this should be part of a wider review of Customer Services given the increasing demand from people contacting the Council.

**Please provide details of relevant Corporate Plan Themes and Priorities:**

Value for Money Theme, with a key project (VO 4) “an improved customer experience.”

**Key Issues and Aim(s) of the Review**

- To review the provision of payment facilities in the Civic Offices and the potential benefits of introducing cash machines.
- To review the service provided to people contacting the Council and visiting the Civic Offices, to determine whether this can be improved.

**Why should the review take place now?**

There has been a steady increase in the number of transactions that Customer Services have been dealing with over the last 2 to 3 years due to the growth of the area.

In addition, the nature and length of queries has increased, due to changes in welfare reform in particular. At peak times, this becomes exacerbated for people visiting the offices to make payments and to resolve queries. This is usually at the same time as telephone calls in the Contact Centre increase.

The Council has a broad Customer Access Strategy which is designed to make it easier for people to contact and transact with the Council; this is mainly based on extending the use of technology.

This review would be a part of that longer-term strategy.



**Potential outcome/s**

- A change to payment services/facilities within the Civic Offices.
- A change to services provided; for example, opening times, provision of self- service terminals, the layout of the reception area.
- Changes to how visitors are filtered when arriving.
- Changes to the Telephone System.

**What will not be included:**

- Whether to replace the IT systems, i.e. the Customer Relationship Management (CRM) System and the Cash Receipting System. These are the tools used to deliver the service and are considered to be fit for purpose. It is considered that they would be best reviewed (if necessary) following this project depending on whether the service is revised.
- The Northgate Contract itself, although it may be that some of the KPI's are reviewed.

**Potential Risks or Limiting Factors:**

- The overall level of resources deployed (although how they are deployed may come under review or additional resources may be identified).
- Any proposed changes are not affordable.
- The Northgate Contract.

*Note: The IT systems are not considered to be a limiting factor at the outset albeit it may be found that greater use could be made?*

**Members undertaking the Review (if a sub-group is to be used):**

To be advised

**Possible co-options:**

None at this stage

**Which policy committee(s) does it relate to?**

Finance and Management Committee

**Key stakeholders/ consultees:**

- Local residents and visitors
- Staff in Customer Services
- The Client Unit (who monitor volumes and performance)

**Potential contributors and research required:**

None at this stage.

**Potential visits:**

- Observing the service in the reception area and in the Contact Centre
- Another local authority

**Are there any Budgetary Implications?**

Not at this stage; it is considered that the review can be undertaken within existing resources.

**Officer support required:**

Advice from the Director of Finance and Corporate Services

**Period for Review:**

Start date: **October 2014**

Proposed completion date: **April 2015**

**Phase 1:**

- Ascertain current service provision - volumes, issues, etc.
- Spend time in the service area
- Outline options for payments and any other changes

**Phase 2:**

- Review options for cash payments and other changes identified

**Phase 3:**

- Consider any changes with recommendations to Finance Committee

**Report date(s) to committees:**

22<sup>nd</sup> October 2014

- Agree scope of review

- Consider volumes and key performance data

#### December 2014

- Report back on observations from service visit
- Outline options for any changes, including payment facilities

#### January 2014

- Progress on actions

#### February 2014

- Consider detail options for change

#### April 2015

- Report back and recommendations to Finance Committee

#### **Publicity (e.g. of recommendations)**

Any changes will affect local residents and people contacting the Council. Therefore, it is expected that sufficient communication through various channels will need to be completed prior to implementation.

**Date Scoping Document Approved:**

**Overview and Scrutiny Committee 22<sup>nd</sup> October 2014**

## APPENDIX 2

### CUSTOMER SERVICES

#### NUMBER OF TRANSACTIONS

<b>Telephone Calls into the Contact Centre</b>	<b>2008/09</b>	<b>2013/14</b>
Number of Telephone Calls into the Contact Centre	60,000	128,000
Percentage Answered within 20 seconds	75%	76%
Percentage abandoned	11%	8%

<b>Number of Visitors</b>	<b>2008/09</b>	<b>2013/14</b>
Central Reception	19,000	14,000
Customer Services Desk	27,000	20,000
Number of Payments	34,000	29,000

	<b>2008/09</b>	<b>2013/14</b>
<b>Total Number of Callers &amp; Face to Face Enquiries</b>	106,000	162,000

#### **Split of Payments – August 2014**

*Number of Transaction (not values)*

- Debit/Credit Card – 477
- Cheques – 682
- Cash – 1,099

<b>Staffing Numbers</b>	<b>2008/09</b>	<b>2013/14</b>
Full Time Equivalent Staff	15	13**
Absence (Sickness) Rate	8 days lost per employee	3 days lost per employee

**\*\* This includes 1 vacant post.**

---

<b>REPORT TO:</b>	<b>OVERVIEW &amp; SCRUTINY COMMITTEE</b>	<b>AGENDA ITEM: 6</b>
<b>DATE OF MEETING:</b>	<b>21<sup>st</sup> JANUARY 2015</b>	<b>CATEGORY: RECOMMENDED</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/budget round1516/ base budget policy reports3 FM//FM budget committee 1516
<b>SUBJECT:</b>	<b>SERVICE BASE BUDGETS 2015 / 2016</b>	<b>REF:</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: OS 08</b>

---

## **1.0 Recommendations**

- 1.1 That the proposed revenue income and expenditure for 2015/16 as detailed in **Appendix 1** for the Committee's Services are considered and included in the consolidated proposals for the General Fund.
- 1.2 That the proposed fees and charges as detailed in **Appendix 3** for 2015/16 are considered and approved.
- 1.3 That consideration is given to the level of any increase in contributions to Parish Councils in 2015/16 under Concurrent Functions.

## **2.0 Purpose of Report**

- 2.1 As part of the annual financial planning cycle, the report details the Committee's proposed base budget for 2015/16, with a comparison to the current year, 2014/15. This includes an overview of the Committee's main spending areas.
- 2.2 It is proposed that the estimated income and expenditure is included in the consolidated budget of the Council for 2015/16 subject to the Council's overall medium-term financial position. This is subject to the next item on this Agenda.
- 2.3 The report also sets out proposals for the level of fees and charges under the responsibility of this Committee for the next financial year. A summary of the Committee's existing capital investment programme is also included.

### **3.0 Summary and Overview**

- 3.1 The Committee is responsible for some large spending areas, in particular the main support service functions, together with the corporate, management and democratic costs of the Council.
- 3.2 It is also responsible for the strategic management of the Council's property portfolio, revenue collection, benefit payments and treasury management, etc. As such, the associated income and expenditure can have a big influence on the Council's overall financial position.
- 3.3 In addition, several of these spending areas provide statutory, governance, legal and advisory support for the Council.
- 3.4 Several of the main spending areas are delivered by Northgate Public Services as part of the wider Strategic Partnership for Corporate Services. They act as direct service provider for a range of services including revenue collection, benefits administration, and customer services, together with ICT, HR and Organisational Development.
- 3.5 In accordance with local government accounting regulations, a substantial amount of the Committee's costs are recharged and allocated across other services and accounts within this Committee and across other Policy Committees.

#### **The Council's Overall Financial Position**

- 3.6 The Council's Medium Term Financial Plan (MTFP) was reviewed and updated in October 2014. This showed that the General Fund has built up a good level of reserves, mainly due to budget underspends. Much of this has been due to one-off factors such as staffing vacancies and additional income.
- 3.7 Whilst in recent years, this has been a familiar pattern, it cannot be guaranteed in future years. Current spending is still projected to be greater than income as costs are expected to increase and overall core funding reduces. Consequently, there is an underlying budget deficit and this is still a key factor for financial planning.
- 3.8 Therefore, it is important that this Committee scrutinises its spending base closely to identify potential budget savings and carefully examines any areas where there are any proposals to increase spending.

#### **Summary of Expenditure**

- 3.9 The following table provides an overall summary at main service level, of the Committee's net revenue expenditure.

Summary of Net Revenue Expenditure	Approved Budget 2014/15 £	Proposed Budget 2015/16 £	Change £
Central and Departmental Accounts	3,297,130	3,310,216	13,086
Corporate and Democratic Costs	734,864	689,551	-45,313
Electoral Registration	143,336	276,104	132,768
Payments to Parish Councils	318,108	324,340	6,232
Pensions and Interest	204,620	205,820	1,200
Property and Estates	-167,696	-150,152	17,544
Revenues and Benefits	349,550	358,205	8,655
<b>Total - Net Expenditure</b>	<b>4,879,913</b>	<b>5,014,086</b>	<b>134,173</b>

3.10 The above table shows that the Committee's net expenditure is estimated to increase overall between 2014/15 and 2015/16 by £134,173. An analysis of the changes within each service area is detailed in **Appendix 2**. A summary of the changes is shown in the following table.

Change in Base Budget 2014/15 to 15/16	£'000
Overall Decrease in Income	(14)
Budget Savings	(51)
Pay Award	45
Service Cost Increases	139
Share of Savings transferred to the HRA	23
Other Variances (Net)	(8)
<b>Change in Service Expenditure</b>	<b>134</b>

3.11 The main changes are the increase in costs due to the provision made for the District Council Election in May 2015, together with a reduction in Housing Benefit Administration Grant. These amounts have been partly offset by the savings made from the restructure in Legal and Democratic Services. The main variances are detailed in the following sections.

#### **Overall Increase in Income (£14,000)**

3.12 The Housing Benefit Administration Grant will reduce by £27,000 in 2015/16. The reduction follows recent years and the grant in 2015/16 (£340,000) has reduced by approximately 25% since 2011/12. Future decreases are planned and these have now been built into the MTFP.

3.13 However, overall Committee income is estimated to increase in 2015/16, mainly due to additional court fee income from Council Tax collection (£30,000).

### **Budget Savings (£51,000)**

3.14 This reflects the on-going savings arising from the restructure of Legal and Democratic Services, which was approved in March 2014.

### **Pay Award (£45,000)**

3.15 A national pay award for local government staff was agreed in November 2014. This increased most pay scales by 2.2% from 1<sup>st</sup> January 2015, with larger increases for the 6 lowest pay points and smaller increases for Chief Officers.

3.16 In addition, a one-off, non-consolidated payment was awarded to most pay points equating to a further 1% of current pay, again rising for the lower pay points.

3.17 This award will run until March 2016 when pay will again be reviewed. The cost of the award in 2014/15 and 2015/16 will be financed from an inflation contingency, a separate amount set-aside corporately, in the Council's Budget. The increase relating to this Committee has been included in the Base Budget proposals.

### **Service Cost Increases (£139,000)**

3.18 The main increase of approximately £130,000 is the provision required for the administration and associated costs of the District Council Election in May 2015. This is a one-off cost in 2015/16 and separate provision was made in the MTFP.

3.19 There are a range of other smaller increases and decreases across several service areas which largely offset each other.

## **4.0 Detail**

4.1 **Appendix 1** summarises the Committee's budgets at cost centre level with **Appendix 2** analysing changes between 2014/15 and 2015/16 for each cost centre.

### **Basis of the Budget**

4.2 Budgets are usually calculated on an incremental basis, i.e. they are maintained at the same level as the previous year adjusted only for known changes and variations that have been identified through a restructure or efficiency programme.

4.3 However, many budgets are also subject to a base line review which is used to justify proposed spending. This process places greater responsibility on budget holders to justify their spending budgets by specifying their needs in a more constructed manner.



- 4.4 As well as identifying possible budget savings, it can also identify potential cost pressures; this approach has been well used across the Committee's services.

### **On-going Service Provision**

- 4.5 The budgets are based substantively on a continuation of existing service provision (in respect of staffing levels, frequency, quality of service, etc.).
- 4.6 However, the full year effects of previous year's restructures and efficiencies are included, with any non-recurring items removed as identified in the report

### **Pension Contributions**

- 4.7 Some changes have occurred to the allocation of pension costs due to the way that the lump sum payment to the Administering Authority has been allocated. The overall cost however, has not changed.

### **Inflation**

- 4.8 The base budget for 2015/16 has been uplifted by inflation in 2014/15 where this applies, for example, the 2014 national pay award. However, proposed budgets for 2015/16 do not at this stage allow for future inflation.
- 4.9 Clearly, some base costs will be subject to inflation during future years and in some cases it will be "unavoidable," for example employee costs, when national pay increases are approved.
- 4.10 Allowances for inflation based on various assumptions regarding price increases, etc. will be calculated across the main spending heads and in total, held as a central contingency.
- 4.11 In line with current policy, this contingency will be reviewed and monitored by this Committee and allocated into service budgets, as the actual effects of inflation become known over the year.

### **Concurrent Functions – Contributions to Parish Councils**

- 4.12 Each year, consideration is given to increasing the base contribution in concurrent functions to recognise inflation. For 2014/15, the Council approved an increase of 2% (2.6% in 2013/14). In the two years prior to that, the base contribution was frozen.
- 4.13 Inflation, as measured by the RPI, stood at 2.3% in September 2014 and has since fallen to 2% by November 2014. The forecast for 2015/16, included in the Government's Autumn Statement, shows 2.2%. The Council's MTFP provides for a 2% increase.
- 4.14 Every 1% increase in the base level for all parishes equates to approximately £3,000 per year.

## Risks

- 4.15 The main financial risk identified for the Committee is the payment and recovery of Housing Benefit. The total amount administered and paid in respect of Rent Allowances and Rent Rebates is approximately £18.5m per year.
- 4.16 Of this, 98.5% is recharged to the DWP. Given the amounts involved, this is sensitive to small variations; if reimbursement is not maximised, every ½ % reduction equates to almost £100,000.

## Capital Investment

- 4.17 The Committee currently has the following schemes in the Council's approved capital investment programme.

SCHEME	BUDGET £000	NOTE
Repairs to Village Halls and Community Facilities	25	Amount set-aside pending transfer of management to parish/community groups. Remaining budget held for Walton on Trent Village Hall.
Planned Maintenance	58	Amount remaining from original budget of £1/2m for works completed some years ago. The remaining budget is being held as a contingency to fund emergency works.
Contributions to Renewals Fund	250	Fixed amount per year to replace vehicles and plant in accordance with the replacement schedule.

## Proposed Fees and Charges 2015/16

- 4.18 **Appendix 3** provides a schedule of the proposed level that will operate from 1st April 2015, together with a comparison to the existing charge.
- 4.19 Where applicable, VAT is also added at the standard rate. No changes are proposed from those currently in place.

## **5.0 Financial Implications**

5.1 As detailed in the report.

## **6.0 Corporate Implications**

6.1 There are no other direct legal, personnel or other corporate implications apart from that considered in the report.

## **7.0 Community Implications**

7.1 The proposed budgets and spending under the responsibility of the Committee, provides the financial resources to enable many of the on-going services and Council priorities to be delivered to the local community.

## **8.0 Background Papers**

8.1 None

## APPENDIX 1: BUDGET - 2015/16

### Finance & Management

		BUDGET			NOTES and COMMENTS ON VARIANCES
		2015/16	2014/15	VARIANCE	
		£	£	£	
PSX40	Senior Management	453,844	458,855	5,011	Saving salaries (10k) and training (1k) - adverse reduced HRA recharge (6k)
PSX50	Reprographic/Print Room	71,992	77,406	5,414	Additional Recharge to HRA
PSX55	Financial Services	290,881	286,308	-4,573	Adverse salaries (2k) and HRA recharge reduction (2k)
PSX56	Internal Audit	103,115	103,115	-0	
PSX57	Merchant Banking Services	45,935	45,935	-0	
PSX60	ICT Support	651,783	656,314	4,531	Saving - Northgate contract
PSX65	Legal Services	133,863	91,950	-41,913	Adverse salaries (50k) and training (3k) - additional recharge to HRA (12k)
PSX75	Personnel/HR	235,916	239,781	3,865	Saving - Northgate contract
PSX76	Policy & Communications	239,102	241,953	2,850	Saving - Northgate contract
PSX77	Customer Services	535,600	533,644	-1,956	Adv - Northgate Contract
PSX78	Health & Safety	35,218	34,377	-841	
PSX81	Admin Offices & Depot	317,411	333,127	15,717	Saving salaries (4k), utilities (17k) and Service Charge DCC income (5k) - adverse (10K) internal recharges
PSX95	Procurement Unit	103,437	104,920	1,483	Saving - Northgate contract
PSX99	Corporate Services Partnership	0	0	0	
KJE40	Caretaking	92,119	89,444	-2,675	Adverse salaries (20k) and internal recharge (2k) - additional income budget (19k) DCC Service charge
<b>Central and Departmental Accounts</b>		<b>3,310,216</b>	<b>3,297,130</b>	<b>-13,086</b>	
AAD00	Democratic Representation & Management	94,229	187,937	93,708	Savings salaries (82k), Civic car removal (2k), travel (2k), additional charge to HRA (13k) and tools (2k) - Adverse (7k) income moved to CPL00 Area Forum
AAM00	Corporate Management	75,400	75,400	0	
AAM01	Corporate Finance Management	64,459	72,459	8,000	Saving (8K) Audit fees
ACD00	Elected Members	329,757	274,169	-55,588	Savings (6k) Civic Car and (12k) Civic Functions moved to CCA40 - adverse (8k) training (17k) Members Allowances (10k) professional fees (37k) internal recharge (2k) subscriptions
KJW00	Debt Management Costs	125,707	124,900	-807	Adv - Northgate Contract
<b>Corporate and Democratic Costs</b>		<b>689,551</b>	<b>734,864</b>	<b>45,313</b>	
ACE00	Registration of Electors	20,122	20,622	500	
ACE10	Conducting Elections	255,982	122,714	-133,268	Adverse (100k) Election fees, (25k) salaries and (8k) room hire & postage for election
<b>Electoral Registration</b>		<b>276,104</b>	<b>143,336</b>	<b>-132,768</b>	
ACT01	Parish Councils	324,340	318,108	-6,232	Grant uplift %

## APPENDIX 1: BUDGET - 2015/16

### Finance & Management

		BUDGET			NOTES and COMMENTS ON VARIANCES
		2015/16	2014/15	VARIANCE	
		£	£	£	
<b>Payments to Parish Councils</b>		<b>324,340</b>	<b>318,108</b>	<b>-6,232</b>	
ABP00	Funded Pension Schemes	241,505	241,505	0	
W4A00	Interest & Investment Income (GF)	-37,185	-46,935	-9,750	MTFP
W7A00	External Interest Payable (GF)	1,500	10,050	8,550	Interest on small deposits
<b>Pensions, Grants Interest Payments and Receipts</b>		<b>205,820</b>	<b>204,620</b>	<b>-1,200</b>	
PSX85	Estate Management	-150,152	-167,696	-17,544	(15k) Business Rates and (3k) Legionella Testing
<b>Property and Estates</b>		<b>-150,152</b>	<b>-167,696</b>	<b>-17,544</b>	
ACA00	Council Tax Collection	-66,652	-37,400	29,252	Favourable income (29k) court fees
ACA40	Non Domestic Rates Collection	29,361	28,600	-761	
KGL00	Rent Allowances Paid	214,195	191,309	-22,886	Government grant entitlement
KGNO0	Net cost of Rent Rebates Paid	56,015	84,700	28,685	Government grant entitlement
KGPO0	Housing Benefits Administration	125,286	82,341	-42,945	(27k) decrease in Government Grant, (8k) salaries, (6k) professional fees and (2k) Northgate Contract fee
<b>Revenues and Benefits</b>		<b>358,205</b>	<b>349,550</b>	<b>-8,655</b>	
<b>COMMITTEE TOTALS</b>		<b>5,014,086</b>	<b>4,879,913</b>	<b>-134,173</b>	

## APPENDIX 2

## ANALYSIS OF CHANGES BETWEEN 2014/15 APPROVED &amp; 2015/16 PROPOSED BASE BUDGETS

Figures all in £'000

Cost Code	Service Area	Budget Income	Budget Savings	Committee Transfer	Inflation	Pay Award	Other Pay	Deprn.	Service Costs	HRA Recharge	Benefit Payments	TOTAL
PSX40	Senior Management		(18)			8			(1)	6		(5)
PSX50	Reprographic/Print Room								1	(6)		(5)
PSX55	Financial Services					6	(5)		1	2		4
PSX56	Internal Audit											-
PSX57	Merchant Banking Services											-
PSX60	ICT Support and Development								(6)	1		(5)
PSX65	Legal Services	1	51			3				(13)		42
PSX75	Personnel/HR								(4)			(4)
PSX76	Policy & Communications								(3)			(3)
PSX77	Customer Services								2			2
PSX78	Health & Safety								1			1
PSX81	Civic Offices & Depot	(5)					(2)	4	(17)	4		(16)
PSX95	Procurement Unit								(2)	1		(1)
KJE40	Office Cleaning and Caretaking					1	-			2		3
HTT00	Concessionary Fares	(7)							7			-
AAD00	Democratic Representation and Management		(84)	8		1			(6)	(13)		(94)
ACD00	Elected Members			(12)		17			13	38		56
AAM00	Corporate Management											-
AAM01	Corporate Finance								(8)			(8)
KJW00	Debt Recovery Costs								1			1
ACE00	Registration of Electors											-
ACE10	Conducting Elections					2			131			133
ACT01	Parish Councils (Concurrent Functions)				6							6
ABP00	Funded Pension Schemes											-
W4A00	Interest Received (General Fund)	10										10
W7A00	Interest Paid (General Fund)	(9)										(9)
PSX85	Asset and Estate Management					4	(5)		18	1		18
ACA00	Council Tax Collection	(30)							1			(29)
ACA40	Non Domestic Rates Collection								1			1
KGL00	Rent Allowances Paid										23	23
KGN00	Net cost of Rent Rebates Paid										(29)	(29)
KGP00	Housing Benefits Administration	26				3	4		9			42
<b>TOTAL</b>		<b>(14)</b>	<b>(51)</b>	<b>(4)</b>	<b>6</b>	<b>45</b>	<b>(8)</b>	<b>4</b>	<b>139</b>	<b>23</b>	<b>(6)</b>	<b>134</b>

## APPENDIX 3

## FINANCE AND MANAGEMENT COMMITTEE: PROPOSED FEES AND CHARGES 2015/16

Service	Current Fee £:p	Proposed Fee £	Fee Notes
Court Costs Recovered	70.00	70.00	Increased by 15% in 2013/14.
National Bus Pass Scheme - Replacement Card Scheme	5.00	5.00	
Benefits - Fraud Investigation Administration Charge	-	-	<b>Up to 50% of overpayment</b>
Benefits - Fraud Investigation Court Costs recovered	500.00	500.00	
Sale of Radar Keys	2.55	2.55	This reflects cost to the Council.
Credit Card Commission	-	-	<b>Variable - equivalent to charge made to the Council</b>
Debit Card Commission	-	-	<b>No charge currently - to be reviewed</b>
Penalty charge for Council Tax Accounts for failure to notify a change in circumstances relating to a discount or exemption.	70.00	70.00	

<b>REPORT TO:</b>	<b>OVERVIEW &amp; SCRUTINY COMMITTEE</b>	<b>AGENDA ITEM: 7</b>
<b>DATE OF MEETING:</b>	<b>21<sup>st</sup> JANUARY 2015</b>	<b>CATEGORY: RECOMMENDED</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)</b> <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>	<b>DOC:</b> u/ks/budget round 201516/base budget policy reports/4 consolidated/FM Consolidated Report Jan 15
<b>SUBJECT:</b>	<b>BUDGET REPORT 2015/16</b> <b>Incorporating the Consolidated Budget Proposals and Medium Term Financial Plan to 2020</b>	<b>REF:</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: OS 08</b>

## **1.0 Recommendations**

- 1.1 That the estimates of revenue income and expenditure for 2015/16 for the General Fund are considered and a level of income and expenditure is approved.
- 1.2 That consideration is given to the level of an increase in grants to voluntary bodies and payments to Parish Councils under concurrent functions.
- 1.3 That the Council Tax Base for 2015/16 of 30,608 (equivalent Band D) properties as detailed in **Appendix 5** is approved.
- 1.4 That a Surplus of £500,000 be declared on the Collection Fund for 2014/15 and the Council's proportion of £57,000 is transferred to the General Fund in 2015/16.
- 1.5 That consideration is given to the principle of a Council Tax freeze for 2015/16 in accordance with the offer of specific grant from the Government.
- 1.6 That the updated 5-year financial projection on the General Fund to 2020 as detailed in **Appendix 1**, including associated assumptions and risks as set out in the report, be approved.
- 1.7 That the decisions made in recommendations 1.1 to 1.6 are used as the basis for consultation with local residents, businesses, voluntary and community groups, etc. and are subject to review by the Overview and Scrutiny Committee.



## **2.0 Purpose of the Report**

2.1 To detail the Council's overall financial position following a detailed review of current income and expenditure on the General Fund. Effectively, it builds on the financial plan and strategy approved in October 2014 and is the detailed budget report for 2015/16. The report covers the following:

- Confirmation of the Council's financial settlement from central government for 2015/16.
- The Council's current spending and proposed base budget position for 2015/16 including proposed spending by policy committees.
- The proposed Council Tax Base for 2015/16 and Collection Fund position, 2014/15.
- Options for Council Tax levels in 2015/16.
- The overall impact on the General Fund's 5-year financial projection.

2.2 The report is divided into several sections as follows:

- Section 3 – Summary and Overall Commentary
- Section 4 – The Council's Financial Settlement for 2015/16
- Section 5 – Proposed Base Budget and Consolidated Spending 2015/16
- Section 6 – Revised General Fund Financial Projection to 2020
- Section 7 – Council Tax, Tax Base and Collection Fund Position
- Section 8 – Overall Risk Analysis
  
- Appendix 1 – General Fund Summary Budget and 5-year projection
- Appendix 2 – Environmental and Development Services Base Budget
- Appendix 3 – Housing and Community Services Base Budget
- Appendix 4 – Finance and Management Base Budget
- Appendix 5 – Calculation of Council Tax Base 2015/16
- Appendix 6 – Estimated Collection Fund position 2014/15
- Appendix 7 – List of Earmarked Reserves

### 3.0 Summary and Overall Commentary

#### The Position entering the 2015/16 Budget Round

- 3.1 The updated medium term financial projection was considered and approved by the Committee on 16<sup>th</sup> October 2014. This set out the projected level of net revenue expenditure on the General Fund, together with the level of the General Reserve to 2020.
- 3.2 The overall projected position at that time, is summarised in the following table.

#### *General Fund: Medium-Term Projection as at September 2014*

Year	Budget Deficit / Surplus (-)	Sums Earmarked against Reserves	Balance of General Reserve
Base Budget 2014/15	-£220,580	£402,000	-£5,728,670
Projection 2015/16	£213,134	£295,000	-£5,220,536
Projection 2016/17	£290,933	£340,000	-£4,589,603
Projection 2017/18	£826,386	£20,000	-£3,743,218
Projection 2018/19	£1,048,099	£20,000	-£2,675,118
Projection 2019/20	£846,056	£20,000	-£1,809,062

- 3.3 The overall medium term position projected an adequate level of general reserves, but with a projected and increasing budget deficit after 2015/16. This was mainly due to an estimated reduction in Revenue Support Grant in future years with a moderate increase in the cost base due to growth pressures.

#### The Updated General Fund Position

- 3.4 As part of the annual budget round, the Council's base budget has been reviewed in detail. This has confirmed some additional cost pressures, although there have also been further budget savings and additional income identified.
- 3.5 Following the Government's Autumn Statement and subsequent financial settlement for local councils in December 2013, together with proposals contained in the Base Budget for 2015/16, the updated medium term position has continued to improve compared to September 2014.
- 3.6 Although there is still an on-going budget deficit position in future years, the level of the General Reserve is well above the minimum level directed by the Financial Strategy. The updated projection is shown in the following table.

**General Fund: Medium-Term Projection as at December 2014**  
**(updated following base budget review and financial settlement)**

Year	Budget Deficit / Surplus (-)	Sums Earmarked against Reserve	Balance of General Reserve
Base Budget 2014/15	-£149,586	£202,000	-£5,857,676
Proposed Budget 2015/16	-£91,189	£220,000	-£5,728,865
Projection 2016/17	-£84,724	£420,000	-£5,393,589
Projection 2017/18	£526,904	£90,000	-£4,776,685
Projection 2018/19	£814,773	£20,000	-£3,941,912
Projection 2019/20	£1,101,315	£20,000	-£2,820,597

3.7 Effectively, the General Fund has a budget surplus for 2015/16 and 2016/17 based on current projections. A deficit is then forecast from 2017/18 as expected reductions in core government funding take effect.

3.8 In the meantime, the balance on the General Reserve remains healthy and after allowing for the deficit in the 3 years after 2016/17, the projected level is £2.8m, well above the minimum contingency level of £1m.

3.9 The table below shows how the overall position has changed since September.

	£'000
Projected 5-year Balance (September 2014)	1,809
Add: Overall Reduction in Base Budget Spending	1,120
Add: Increase in Council Tax base	467
Add: Increase in New Homes Bonus	315
Add: Increase in Collection Fund Surplus	37
Less: Estimated Reduction in Benefits Admin. Subsidy	-409
Less: Effect of Council Tax Freeze in 2015/16	-444
Less: Effect of 2014 Pay Award	-74
<b>Revised Projected Balance as at 2020</b>	<b><u>2,821</u></b>

3.10 The amounts in the above table represent the cumulative effect over the 5 year financial planning period. The decrease in Council Tax income is based on a Council Tax freeze for 2015/16 (**subject to Council approval**).

3.11 Planned reductions in spending from 2014/15 have been confirmed, together with other reductions in spending as part of the annual base budget review.

3.12 However, the largest changes are due to additional income from growth and in particular the Council Tax base, which consequently has a beneficial impact on the New Homes Bonus allocation. The surplus on the Collection Fund during 2013/14 and to-date in 2014/15 has been confirmed and built into the on-going Base Budget.

## **Risks**

- 3.13 The greatest risks to the financial plan are still considered to be the degree of future reductions in core government funding, together with underlying cost pressures still yet to surface. The Government's Autumn Statement did not change the level of core funding for 2015/16, which was provisionally set last year.
- 3.14 However, it broadly confirmed that there would be some further reductions from 2016/17 and it is expected that local authorities will face some large reductions for a further 2 to 3 years. This will depend on the next spending review of the public finances expected in the early stages of the next Parliament in 2015/16.

## **Future Core Funding**

- 3.15 The current projections beyond 2015/16 have not been changed at this stage. The MTFP had already built in on-going reductions in Revenue Support Grant (RSG) in future years. Moderate increases in New Homes Bonus (NHB) and Retained Business Rates (RBR) continue to be made in line with growth predictions which help to partly offset falling RSG.
- 3.16 It is not certain at this stage whether a more fundamental review will be undertaken of the funding system. There have been some media reports that the NHB could be reviewed during the next Parliament.

## **Future Expenditure**

- 3.17 Some additional cost pressures have been added to base budgets in 2015/16. These largely cover maintenance of assets and public facilities. Growth is steadily increasing across much of the District and this is realising additional income. It is important that further cost pressures associated with this growth are kept under review.
- 3.18 The overall financial position has been steadily improving over the last 2 years due to budget savings, together with positive out-turn positions compared to base budgets. Reserves should be further supplemented by the estimated underspend in 2014/15 (as reported in December 2014) although this has not been included in the MTFP at this stage as it is still to be confirmed.
- 3.19 The Budget continues to make on-going provision for some growth in expenditure and annual inflation. In addition, separate reserves are maintained to meet specific one-off costs. Even allowing for a margin of error in assumptions, the overall position is well placed.
- 3.20 However, the Council should remain cautious in the short-term, until the future funding position for local authorities is more certain and to remain flexible to meet any additional spending pressures. Future budget deficits are still projected based on increasing expenditure for current service provision, together with a reduction in core funding.

## Net Spending

3.21 Following the base budget review, net expenditure on services is now projected to decrease by approximately £200,000 in 2015/16 compared to 2014/15. This is summarised the following table.

	£'000
Additional Income	-210
Budget Savings from approved Restructures	-162
Overall Cost Increases	148
<b>Total Net Reduction in Base Budget 2015/16</b>	<b>-224</b>

3.22 Cumulatively, this adds resources into the MTFP of approximately £1.1m over 5-years, and follows the review of base budgets by Policy Committees. The main change relates to additional income in Planning, Environmental Services and Leisure. The increases reflect up to date levels that are anticipated to continue.

3.23 This follows more cautious estimates in recent years to reflect the economic situation. However, the increased budgets are still below actual income currently being generated.

3.24 The budget savings reflect those generated from approved restructures in 2014/15. These are the on-going budget savings from 2015/16. Last year's budget set a target of £175,000 to be made overall, as a contribution to meet the future budget deficit; the overall sum has not previously been built into the MTFP until achieved.

3.25 This saving has been largely negated by cost increases elsewhere. These have been identified mainly in Waste and Cleansing, together with the maintenance of parks and open spaces. This follows a pattern of recent years.

## Council Tax

3.26 The MTFP continues to assume a year on year increase in Council Tax of 2% from 2015/16. However, the Government have once again offered incentives for councils to freeze their Council Tax for 2015/16 and the effects of this have been shown in the updated MTFP projections.

3.27 As in previous years, the scheme will reimburse councils "lost" revenue to the equivalent of a 1% increase in Council Tax. This has only been confirmed for 2015/16 at this stage, although previous support has been built into on-going RSG. As the Council's MTFP assumed a 2% increase, this reduces projected net Council Tax income by approximately £400,000 over the planning period.

3.28 Under provisions contained in the Localism Act 2011, the Government has again set a 2% limit on Council Tax increases. Councils have discretion to set increases above this limit, but this would need to be subject to a local referendum.

## DETAIL, BACKGROUND and BASE BUDGET ANALYSIS

### 4.0 The Council's Financial Settlement 2015/16

#### Background

- 4.1 Following the Comprehensive Spending Review (CSR 13) which reported in June 2013, reductions in Revenue Support Grant for local authorities were confirmed. The effect on the Council was analysed and built into the current MTFP last year.
- 4.2 The Council's core funding from central government comprises 3 funding streams, which are unringfenced general grants, as follows:
- Revenue Support Grant (RSG)
  - Retained Business Rates (RBR)
  - New Homes Bonus (NHB)
- 4.3 The following amounts were included in the approved MTFP as at September 2014.

MTFP Sept 2014 Projections	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Revenue Support Grant	1,749	1,378	823	811	800
Retained Business Rates	2,310	2,374	2,439	2,506	2,750
New Homes Bonus	2,150	2,525	2,568	2,412	2,500
<b>Total - Core Funding</b>	<b>6,209</b>	<b>6,277</b>	<b>5,830</b>	<b>5,729</b>	<b>6,050</b>

- 4.4 The profile of funding is based on an increase in RBR and NHB due to residential and business growth with a reduction in RSG, but with overall resources falling until 2018/19 in accordance with OBR forecasts.
- 4.5 Some of the NHB allocations and parts of the RBR system are funded by top slicing RSG nationally, in order for the DCLG to remain within its Departmental Spending limit and to redistribute resources in specific grants.
- 4.6 RSG and RBR are combined for grant purposes into a Settlement Funding Assessment (SFA). Within the SFA, RSG is fixed, whilst the RBR element fluctuates between that set in the grant settlement and the actual business rates collected during that year.
- 4.7 The RBR element of SFA sets a baseline level based on current collection rates and projections for growth.

## The Council's Settlement Funding Assessment (SFA)

4.8 The financial settlement for 2015/16 was announced in December 2014. The figures for 2015/16 effectively confirmed the provisional settlement of December 2013. The figures are currently subject to consultation and parliamentary scrutiny; they are expected to be approved at the end of January.

4.9 The Council's settlement for 2015/16 is shown in the following table:

SFA 2015/16	MTFP £'000	Actual £'000	Diff £'000
Revenue Support Grant	1,799	1,811	12
Retained Business Rates	2,310	2,291	-19
<b>Total - SFA</b>	<b>4,109</b>	<b>4,102</b>	<b>-7</b>

4.10 The table shows a slight reduction in funding due to some minor technical adjustments in the Formula.

### Retained Business Rates

4.11 Following the financial settlement, the Government approved the application of the Derbyshire Business Rates Pool. This confirmed that the Pool would not be subject to any levy on growth receipts.

4.12 Therefore, the Council's final retained business rates will be subject to the performance of the Pool from 2015/16, subject to annual review.

### New Homes Bonus (NHB)

4.13 Every new home built attracts an annual bonus for six years equal to the amount of Council Tax (the national average) payable on that home (depending on its Tax Band) with an additional bonus (£350) for every new affordable home delivered. This figure is adjusted up or down depending on the change in empty properties between years.

4.14 Allocations are calculated in October each year on the Council Tax base compared to the previous year. This creates a time lag as the bonus for say 2015/16, reflects activity between October 2013 and October 2014.

4.15 20% of the subsequent grant is paid to the upper tier authority in each area, i.e. the County Council in South Derbyshire's case. 80% is then retained by the District. Once calculated each year, it is guaranteed and paid for 6 years.

4.16 In principle, authorities that are subject to growth in housing development and/or keep down the number of empty properties should benefit from a yearly increase in NHB, subject to what the Government allocates nationally.

## NHB Allocation for 2015/16

- 4.17 The Council has received a provisional allocation of £2,332,405 for 2015/16, an increase of approximately £170,000 compared to the MTFP. Final allocations will be confirmed in February 2015.
- 4.18 The allocation includes on-going installments for 2011/12 to 2014/15 of £1,779,758 with a further £542,657 for 2015/16. This was based on new homes, which totalled 517, including 18 affordable units; the number of empty properties increased by 38, making a net increase of 479 homes. This compares with 350 in the MTFP.

## Future Funding of the NHB

- 4.19 NHB is partly funded by top slicing RSG at a national level. The Government has given no indication of an end point for the scheme and so it has been assumed that current and previous years' allocations will each last 6 years.
- 4.20 However, on this basis from 2019/20, current allocations will start to drop out unless the scheme is continued. There have been some media reports that the NHB could be reviewed during the next Parliament.

## Overall Core Funding - Medium Term Projections

- 4.21 Apart from reflecting changes to future NHB amounts following the allocation for 2015/16, future projections for RSG and RBR remain unaltered from those reported in September 2014. These are detailed in **Appendix 1**. Projections for all 3 funding streams combined is summarised in the following table.

Year	Total	Change	
2014/15	£6,640,406		
2015/16	£6,424,526	-£215,880	-3.25%
2016/17	£6,468,900	£44,374	0.69%
2017/18	£5,990,626	-£478,274	-7.39%
2018/19	£5,857,029	-£133,597	-2.23%
2019/20	£5,712,835	-£144,194	-2.46%

- 4.22 Clearly, the reduction in 2015/16 has now been confirmed through the Financial Settlement. Further reductions are still projected in future years, but these may not appear as severe as some of the national headline figures being reported.
- 4.23 This is due to assumptions that the NHB and RBR amounts will continue to rise over the financial planning period, due to growth. This partly compensates for the projected reductions in RSG.
- 4.24 However, as highlighted throughout this report, the whole landscape of future funding is uncertain, although some reductions appear inevitable according to many commentators. Therefore, it is important that the Council maintains a cautious approach.



## **5.0 Proposed Base Budget and Consolidated Spending 2015/16**

- 5.1 All policy committees (including an earlier report on this Agenda) have considered their detailed budget proposals for 2015/16. All services were asked to carefully consider their base income and expenditure.

### **Basis of the Budget**

- 5.2 Budgets are usually calculated on an incremental basis, i.e. they are maintained at the same level as the previous year adjusted only for known changes and variations that have been identified through a restructure or efficiency programme.
- 5.3 However, many budgets are also subject to a base line review which is used to justify proposed spending. This process places greater responsibility on budget holders to justify their spending budgets by specifying their needs in a more constructed manner.
- 5.4 As well as identifying possible budget savings, it can also identify potential cost pressures.

### **On-going Service Provision**

- 5.5 The budgets are based substantively on a continuation of existing service provision (in respect of staffing levels, frequency, quality of service, etc.
- 5.6 However, the full year effects of previous year's restructures and efficiencies are included, with any non-recurring items.

### **Inflation**

- 5.7 The base budget for 2015/16 has been uplifted by inflation in 2014/15 where this applies, for example, the 2014 national pay award. However, individual budgets for 2015/16 do not at this stage allow for future inflation.
- 5.8 Clearly, some base costs will be subject to inflation during future years and in some cases it will be "unavoidable," for example employee costs, when national pay increases are approved.
- 5.9 Allowances for inflation based on various assumptions regarding price increases, etc. are calculated across the main spending heads and in total, held as a central contingency.
- 5.10 In line with current policy, this contingency will be reviewed and monitored by this Committee and allocated into service budgets, as the actual effects of inflation become known over the year.

## Base Budgets 2015/16

5.11 A full analysis of each Committee's proposed budget has been detailed in separate reports to the respective Policy Committee. The main spending areas are analysed in **Appendices 2 to 4**, with a summary of each Committee's proposed spending shown in the following table.

Summary of Net Revenue Expenditure	Approved Budget 2014/15 £'000	Proposed Budget 2015/16 £'000	Change £'000
Environmental and Development Services	3,620,067	3,679,024	58,957
Housing and Community Services	2,201,063	2,251,121	50,058
Finance and Management	4,879,913	5,014,086	134,173
	<b>10,701,042</b>	<b>10,944,231</b>	<b>243,189</b>

5.12 The above table shows that overall base Committee expenditure is estimated to increase between 2014/15 and 2015/16 by approximately £243,000. A summary of this increase is shown in the following table.

Change in Base Budget 2014/15 to 15/16	£'000
Increases in Income	(165)
Budget Savings	(162)
Other increases in Pay	136
Overall increase in Service Costs	33
Transfers from Earmarked Reserves	(64)
<b>Changes not previously in the MTFP</b>	<b>(222)</b>
<b>Add: Known changes built into Base</b>	
Pay Award 2014	142
Provision for Cost of Local Election	130
<b>Change in Service Expenditure</b>	<b>50</b>
Add: Increase in Depreciation	125
Add: Grant income transferred to RSG	68
<b>Overall Base Budget Increase</b>	<b>243</b>

5.13 Although overall expenditure at a Committee level has increased, this is due to items that had been built into the base budgets, but for which separate provision had been made in the MTFP, i.e. the cost of the 2014 Pay Award and provision for the cost of the District Election in May 2015. Consequently, there is no overall increase in the Council's budget.

5.14 In addition, there was an increase for Depreciation which is reversed out when consolidating the MTFP, together with grant income being transferred to RSG. Furthermore, some expenditure is financed from earmarked reserves.

5.15 After allowing for these adjustments, there is a reduction in overall expenditure of approximately £222,000 compared to the Base Budget and MTFP, as shown in the preceding table. Details of all the changes are provided in the following sections.

### **Depreciation (increase of £125,000)**

- 5.16 Depreciation charges are internal accounting entries that reflect the use of capital assets in service delivery. They are reversed out of the final budget estimates under accounting regulation as shown in **Appendix 1** as they are not a true cost that the Council has to meet.
- 5.17 They reflect charges for using capital assets in service delivery in accordance with accounting regulations. Charges mainly relate to vehicles and buildings that are being written down and out of the Council's accounts over their useful life.

### **Grant Income Transfered to RSG (£68,000)**

- 5.18 This relates to a transfer of specific grant for the Homelessness Service that is now included within the main Revenue Support Grant of the Council.

### **Pay Award (Increase of £142,000)**

- 5.19 A national pay award for local government staff was agreed in November 2014. This increased most pay scales by 2.2% from 1<sup>st</sup> January 2015, with larger increases for the 6 lowest pay points and smaller increases for Chief Officers.
- 5.20 In addition, a one-off, non-consolidated payment was awarded to most pay points equating to a further 1% of current pay, again rising for the lower pay points. The award will run to March 2016 when pay will again be reviewed. The cost of the award in 2014/15 and 2015/16 will be financed from the inflation contingency.

### **District Council Election (provision of £130,000)**

- 5.21 The Council is required to finance the administration and associated costs of the District Council Election in May 2015. This is a one-off cost in 2015/16 and separate provision was made in the MTFP.

### **Increases in Income (£165,000)**

- 5.22 The main areas are shown in the following table.

	£'000
Planning and Building Regulations	63
Environmental Services (Trade Waste and Recycling)	65
Rosliston Forestry Centre	45
Other Income (mainly Leisure and Recreation)	19
Reduction in Housing Benefit Admin. Grant	-27
<b>Total</b>	<b>165</b>

- 5.23 The increases reflect up to date levels that are anticipated to continue. This follows more cautious estimates in recent years to reflect the economic situation. However, the increased budgets are still below actual income currently being generated.

5.24 The additional income at Rosliston Forestry Centre is anticipated to cover additional costs of running the facility. The reduction in Housing Benefit Administration Grant follows the pattern of recent years. Future decreases are planned by the DWP and these have now been built into the MTFP

**Budget Savings (£162,000)**

5.25 These reflect the savings achieved from approved restructures in 2014/15. These are the on-going budget savings from 2015/16 and are detailed in the following table.

	£'000
Land Charges	30
Environmental Health and Strategic Housing	81
Legal, Licensing and Democratic Services	51
<b>Total</b>	<b><u>162</u></b>

**Other Increases in Pay (£136,000)**

5.26 A breakdown is shown in the following table.

	£'000
Incremental Rises	20
Waste and Cleansing - Agency and Overtime	60
Graduate Planner	28
Grounds Maintenance – Highways Work	28
<b>Total</b>	<b><u>136</u></b>

5.27 Incremental rises have been added for employees on career graded posts and those subject to incremental steps within a specific grade which recognises experience and development; provision is made separately within the MTFP for these increases each year.

5.28 On-going increases have been built into the proposed budget for overtime and agency costs in Waste and Street Cleansing services. It is expected that these costs will reduce over the year as vacancies and replacement posts are filled.

5.29 The post of Graduate Planner (as approved in October 2014) has been added to the establishment. This will cost £28,000 per year for three years and will be financed by additional income in 2014/15.

5.30 On-going increases have also been built into the proposed budget for Grounds Maintenance to cover increased highways work. However, this has largely been offset by reductions in external expenditure and is financed by a contribution from the Highways Authority.

**Overall Increase in Service Costs (£33,000)**

5.31 A breakdown of the main changes is shown in the following table.

	£'000
Vehicle Repairs and Maintenance	41
Rosliston Forestry Centre	45
Parks and Open Spaces	24
Planning Services	-29
Grounds Maintenance	-30
Other changes (net)	-18
<b>Total</b>	<b><u>33</u></b>

5.32 The main increase in cost continues to be for vehicle repairs and maintenance. The increases at Rosliston relate to maintenance and utility costs (£29,000) and contractor payments of £16,000. Income budgets have been increased to cover these additional costs in order that the Council's overall subsidy of the facility is not increased.

5.33 As regards Parks and Open Spaces, it is proposed to increase maintenance budgets for buildings repairs, including pavilions and play areas, together with addressing an increase in dilapidation of paths and car parks at recreational facilities. This is to prevent insurance claims and to upgrade the general infrastructure.

5.34 Within this, additional budget is also being proposed for repairs to street and parks furniture, together with maintenance of tree and shrub planting within the main park areas.

5.35 The reduction in Planning Services relates to professional costs for developing the Local Plan through to examination, which will now reduce.

### Individual Committee Risks

5.36 As part of the base budget review, each Committee identified several risk areas. In some cases, budgets have been increased to address cost pressures and these have been highlighted previously.

5.37 Other financial risks identified are detailed in the following table.

Risk	Issue	Action
<b>Income</b>	Budgeted income from Planning, Licensing, etc. totals £1.5m and is not sustainable.	Base Budgets are below current actuals and that projected so they are considered prudent at this stage. The amount is dependent on local growth although this is considered positive.
<b>Staffing levels in Planning</b>	Current level has around 3 more posts than the budgeted establishment due to temporary staff being employed. Additional cost is £60,000 per year and this is currently being contained within overall service costs in 2014/15. As no prior approval exists for these posts	A formal appraisal needs to be undertaken if these posts are to continue.

	on an on-going basis, they are not included in the Base Budget for 2015/16.	
<b>Costs of the Local Plan</b>	One-off costs associated with consultation, examination, publication and potential Public Inquiry. Total cost estimated at £160,000. If there is a Public Inquiry, this estimate could rise.	Earmarked Reserve set-aside for £200,000. Could be a requirement to use additional income in 2014/15 to increase the Reserve.
<b>Agency Income</b>	The County Council reimburse highway maintenance and gulley cleaning costs of £275,000 per year. It has been indicated that this is under review with a reduction of up to 15% (£40,000) possible.	Keep under review and assess implications if any reduction is proposed.
<b>Recycling</b>	Overall cost of Kerbside Recycling Scheme increases. New and expanded scheme implemented in October 2013.	The new scheme has now bedded in; current recycling credits are greater than estimated with costs generally fixed. It is considered that the risk is reducing but will be kept under review as part of usual monitoring arrangements.
<b>Growth</b>	The Council's MTFP identifies underlying cost pressures yet to surface as a risk, due to pressure on services such as refuse collection and parks maintenance.	An on-going amount of £100,000 has been set-aside in the MTFP; this will be kept under review.
<b>External Funding</b>	Several Leisure and Community Service areas are reliant on a degree of external contributions.	Earmarked reserves maintained to spread expenditure over a number of years. These are currently estimated to remain at approximately £1.1m by 2016. It is considered that this will maintain existing services over the MTFP period to 2020.
<b>Rosliston Forestry Centre</b>	Increase in income anticipated in 2015/16 to cover additional costs	An additional £45,000 required. This will be kept under review.
<b>Artificial Grass Pitch – Etwall Leisure Centre</b>	No income and expenditure has been included in the base budgets for 2014/15 and 2015/16.	The Council's financial liability for this facility is still to be fully assessed under the Contract; this is still being calculated. Although no significant liability is currently anticipated, this is not certain.

<b>Payment and recovery of Housing Benefit.</b>	The total amount administered and paid in respect of Rent Allowances and Rent Rebates is approximately £18.5m per year. Of this, 98.5% is recharged to the DWP. Given the amounts involved, this is sensitive to small variations; if reimbursement is not maximised, every ½ % reduction equates to almost £100,000	Maintain accuracy rate for processing above 95% and Local Authority Error below 0.5%. These targets are monitored on a monthly basis.
---	--	---

### **Grants to Voluntary Bodies and Payments under Concurrent Functions**

- 5.38 Each year, consideration is given to increasing the base contribution in grants to recognise inflation. For 2014/15, the Council approved an increase of 2% (2.6% in 2013/14). In the two years prior to that, the base contribution was frozen.
- 5.39 Inflation, as measured by the RPI, stood at 2.3% in September 2014 and has since fallen to 2% by November 2014. The forecast for 2015/16, included in the Government's Autumn Statement, shows 2.2%. The Council's MTFP provides for a 2% increase.
- 5.40 Every 1% increase in the base level across all grants and concurrent functions equates to approximately £5,000 per year.
- 5.41 Housing and Community Services Committee considered an increase for grants to voluntary bodies and this Committee considered this matter for Concurrent Functions in the detailed budget report earlier on the Agenda.

## 6.0 General Fund 5-Year Financial Projection to 2020

- 6.1 The projection has been updated following the grant settlement (as detailed in Section 4) and the proposed base budgets (as detailed in Section 5).
- 6.2 The projection is calculated within a financial model the summary of which is shown in **Appendix 1**. This also shows how certain items, such as future income levels and known changes to the base budget, are expected to change over the planning period. The key figures are detailed in the following sections.

### Projected Budget Surplus/Deficit and Reserve Balances

- 6.3 This is summarised in the following table.

**General Fund: Medium-Term Projection as at December 2014**  
(updated following base budget review and financial settlement)

Year	Budget Deficit / Surplus (-)	Sums Earmarked against Reserve	Balance of General Reserve
Base Budget 2014/15	-£149,586	£202,000	-£5,857,676
Proposed Budget 2015/16	-£91,189	£220,000	-£5,728,865
Projection 2016/17	-£84,724	£420,000	-£5,393,589
Projection 2017/18	£526,904	£90,000	-£4,776,685
Projection 2018/19	£814,773	£20,000	-£3,941,912
Projection 2019/20	£1,101,315	£20,000	-£2,820,597

- 6.4 Effectively, the General Fund has a budget surplus for 2015/16 and 2016/17 based on current projections. A deficit is then forecast from 2017/18 as expected reductions in core government funding take effect.
- 6.5 In the meantime, the balance on the General Reserve remains healthy and after allowing for the deficit in the 3 years after 2016/17, the projected level is £2.8m, well above the minimum contingency level of £1m.
- 6.6 The table below shows how the overall position has changed.

	£'000
Projected 5-year Balance (September 2014)	1,809
Add: Overall Reduction in Base Budget Spending	1,120
Add: Increase in Council Tax base	467
Add: Increase in New Homes Bonus	315
Add: Increase in Collection Fund Surplus	37
Less: Estimated Reduction in Benefits Admin. Subsidy	-409
Less: Effect of Council Tax Freeze in 2015/16	-444
Less: Effect of 2014 Pay Award	-74
<b>Revised Projected Balance as at 2020</b>	<b>2,821</b>



- 6.7 The amounts in the above table represent the cumulative effect over the 5 year financial planning period.
- 6.8 The overall reduction in base budget spending is the cumulative effect of savings already approved and proposed changes to the Base Budget as detailed in *Section 5*. The changes to the Council Tax base and the Collection Fund surplus are detailed in *Section 7*.
- 6.9 The decrease in Council Tax income is based on a Council Tax freeze for 2015/16 (**subject to Council approval**). This is also detailed in *Section 7*.

### **Reduction in Benefits Administration Grant**

- 6.10 The base allocation for 2015/16 has been reduced by approximately £27,000 compared to 2014/15. Future reductions of up to 10% per year in this specific grant are anticipated. This would reduce resources in the MTFP by approximately £400,000 over the 5-year planning period.

### **2014 Pay Award**

- 6.11 As highlighted, the impact of the national pay award has been built into service base budgets for 2015/16. This has been mainly financed from the inflation contingency in the MTFP.
- 6.12 The pay award effectively covered the two years 2014/15 and 2015/16. The inflation contingency had made provision for a 2% increase over this period.
- 6.13 As the award was 2.2% with some additional increases for lower graded posts, this has increased the overall cost compared to the MTFP. Cumulatively, over the 5-year plan, this equates to approximately £74,000.

### **Inflation and Growth**

- 6.14 The Budget continues to make provision for growth and inflation. In accordance with current policy, this “contingency” will be maintained centrally and only allocated once any additional costs are known.
- 6.15 The growth provision allows some resources for investment in services, for example, refuse collection due to the growth of residential development.
- 6.16 Allowances for inflation based on various assumptions regarding price increases, etc. have been calculated across the main income and expenditure heads, the total of which is aggregated to form the central contingency.
- 6.17 In accordance with UK economic inflation predictions, the general rate of inflation that has been applied (where applicable) is 2% per year (2.5% for pay from 2016/17).
- 6.18 The total amount now set-aside separately in the MTFP for inflation and growth is summarised in the following table.

### **Inflation/Growth Provision**

2014/15	£248,795
2015/16	£189,704
2016/17	£364,780
2017/18	£421,079
2018/19	£427,371
2019/20	£433,809

6.19 As previously reported, in recent years the contingency has not been fully utilised. Where this is the case, amounts are returned to the General Reserve.

### **Other Provisions and Contingencies**

6.20 Besides the main inflation contingency, the MTFP continues to make provision against General Reserves for other items, as shown in the following table.

	<b>Amount £'000</b>	<b>Comment</b>
Pay and Grading Review	420	One-off transitional protection costs
Pay and Grading Review	130	On-going costs following implementation
Vehicle Replacements	250	One-off in 2016/17 pending capital receipts

### **Summary Position**

6.21 Some additional cost pressures have been added to base budgets in 2015/16. These largely cover maintenance of assets and public facilities. Growth is steadily increasing across much of the District and this is realising additional income. It is important that further cost pressures associated with this growth are kept under review.

6.22 The overall financial position has been steadily improving over the last 2 years due to budget savings, together with positive out-turn positions compared to base budgets. Reserves should be further supplemented by the estimated underspend in 2014/15 (as reported in December 2014) although this has not been included in the MTFP at this stage as it is still to be confirmed.

6.23 It is considered that budgets and projections are prudent but realistic and do allow for inflationary, growth and other cost pressures. Even allowing for a margin of error in assumptions, the overall position is well placed.

6.24 However, the Council should remain cautious in the short-term, until the future funding position for local authorities is more certain and to remain flexible to meet any additional spending pressures.

6.25 Future budget deficits are still projected based on increasing expenditure for current service provision and a reduction in core funding.

- 6.26 The Council does have a history of under spending on its General Fund, mainly due to additional income and vacant posts. This is reviewed each year and budgets adjusted accordingly. However, future under spends are not guaranteed and cannot be relied upon.
- 6.27 Resources have been set-aside in earmarked reserves to replace and upgrade IT, together with vehicles and plant. Smaller reserves are held and earmarked for specific purposes such as one-off costs associated with the Local Plan, Welfare Reform and Pensions.
- 6.28 Several reserves (from matched and external funding) are held to finance costs on a yearly basis, especially in Leisure and Community Services. A full list of earmarked reserves is detailed in **Appendix 7**.
- 6.29 A detailed analysis of the main financial/strategic risks is detailed in *Section 8*.

## **7.0 Council Tax, Tax Base and Collection Fund**

### **The Council Tax Base**

- 7.1 This relates to the number of chargeable properties for Council Tax after taking account of exemptions and discounts, including the Local Council Tax Support Scheme.
- 7.2 The calculation of the estimated Tax Base for 2015/16 is detailed in **Appendix 5** and is based on the number of properties on the Council Tax register as at 30<sup>th</sup> November 2014.
- 7.3 This produces a “Band D equivalent” which will be used to calculate the amount to be collected from Council Tax in 2015/16, i.e. 30,608. This is an increase of 885 (3%) compared to 2014/15.
- 7.4 The MTFP contained an estimated increase of 300 before any change to the actual Council Tax rate itself; this increase in equivalent Band D properties will generate an additional £467,000 over the 5-year planning period.

### **The Future Tax Base**

- 7.5 The MTFP continues to assume that the overall Tax Base will increase by around 1%, or 300 properties per year. As always this will be subject to the actual rate of growth.
- 7.6 The increase over the last 12 months is one of the largest in recent years, but this has also been affected by the reducing cost of the Local Council Tax Support Scheme from the base position set in 2013/14.

7.7 The growth in the Tax Base in recent years has been a beneficial factor for the Council's financial position and it will continue to be a key indicator; not only does it increase the Council's ability to raise additional resources (even where the Council Tax rate itself is not increased) but it also has a significant influence on the New Homes Bonus as detailed in *Section 4*.

### **Collection Fund Surplus/Deficit**

7.8 In setting the level of Council Tax for 2015/16, the Council is also required to calculate the estimated balance on its Collection Fund for the current financial year, 2014/15.

7.9 The Collection Fund is a separate ring-fenced account. It records all income collected from Council Tax and Business Rates and the money paid out to other authorities who precept on the Fund, together with payments to the Government under the redistribution mechanism for Business Rates.

7.10 The account in principle should balance each year. However, not all Council Tax is collected as circumstances, such as the number of houses subject to tax and households receiving exemptions and discounts, changes during the year. In addition, final collection rates from previous years may be higher than estimated.

7.11 These factors inevitably provide a balance at the end of each year. The Council has traditionally carried a surplus on its Collection Fund. Any surplus or deficit is transferred to the General Fund of the major preceptors, the biggest preceptor being Derbyshire County Council. The Government will also receive a share of any surplus on Business Rates. For 2014/15

### **Estimated Position 2014/15**

7.12 The estimated position on the Collection Fund for 2014/15 is summarised in **Appendix 6**. The overall balance is distributed to the major precepting authorities on the Fund, i.e. the District Council, Derbyshire County Council, together with the Police and Fire Authorities, in proportion to their precepts on the Fund.

7.13 It should be noted that Parish Councils do not gain a share of any balance on the Fund as they are categorised as local (and not major) preceptors under the Local Government Finance Act 1992.

7.14 The Fund is split between Council Tax and Business Rates. Appendix 6 shows an estimated surplus on the Fund as at 31<sup>st</sup> March 2015 of £840k for Council Tax and £813k for Business Rates. This is the position reported in December 2014.

## Council Tax

- 7.15 The amount of Council Tax collectable has already exceeded the estimated amount for the year; the estimate allowed for a 3% increase on that collectable in 2013/14. This was on the basis of 40,500 properties (estimated in December 2013) compared to the actual number of 40,900 properties as at October 2014.
- 7.16 The Tax Base continues to grow steadily and it is likely that this will continue. In addition, the cost of the Local Council Tax Support Scheme continues to reduce. In 2013/14, it reduced from £4.95m to £4.65m and is currently estimated to be £4.4m by March 2015.
- 7.17 At this stage, it is considered prudent that the originally estimated surplus of £1/2m (as detailed in Appendix 6) is declared for 2014/15. This will allow the current situation to be confirmed at the year end. If the actual surplus is higher this can be returned to preceptors during the 2016/17 budget round.
- 7.18 Consequently, it is recommended that the surplus (in proportion to precepts) is declared and shared as shown in the following table.

Share of Estimated Council Tax Balance 2014/15	£'000
Derbyshire County Council	364
Police and Crime Commissioner for Derbyshire	56
Derbyshire Fire and Rescue Service	23
South Derbyshire District Council	57
<b>Total</b>	<b>500</b>

- 7.19 The amount for this Council is £57,000 compared to an estimate included in the MTFP of £20,000.

## Business Rates

- 7.20 As previously reported, there has also been an increase in the Business Rates Tax Base, mainly due to the extension of two larger businesses in the District. In addition, a much lower provision for bad debts is expected to be made in 2014/15 compared to that estimated.
- 7.21 A substantial provision for arrears was set up in 2013/14 following the introduction of the Business Rates Retention System. This led to a deficit on the Collection Fund in 2013/14. It is not expected that any material change will be required to this provision, with the Fund returning to a surplus position in 2014/15.
- 7.22 However, the Tax Base for Business Rates can be more volatile from reassessments of rateable value and the granting of reliefs, etc. which can change the collectable rates for distribution. In addition, the position regarding current appeals in the system is still to be confirmed, although a provision was created in 2013/14 to cover costs.

7.23 Although it is currently estimated that there will be a surplus on Business Rates in 2014/15, it is considered prudent that this is not yet declared, pending the actual figures for the year being confirmed.

### **Council Tax Levels**

7.24 The MTFP assumes for planning purposes that the Council Tax rate increases by 2% each year. As part of the Financial Settlement, the Government has provided an incentive for local authorities to again freeze their Council Tax for 2015/16.

### **Council Tax Freeze (Specific) Grant**

7.25 Where an authority freezes the Council Tax rate for 2015/16, i.e. sets a nil increase, a specific grant will be paid to effectively reimburse the resources lost, to the equivalent of a 1% increase, This has only been confirmed for 2015/16 at this stage, although previous support has been built into on-going RSG.

7.26 Therefore, this will not reflect the loss of cumulative income in future years compared to the MTFP as the base income level is reduced by freezing the tax rate.

7.27 Overall, this reduces resources in the MTFP by approximately £400,000 to 2019/20 (net of the specific grant). This has been reflected in the updated MTFP as detailed in Section 6. Clearly this is subject to Full Council approval.

7.28 If Council Tax is frozen for 2015/16, this will maintain a Band D rate of Council Tax of £150.25p.

### **Council Tax Limit**

7.29 Under provisions contained in the Localism Act 2011, the Government has again set a 2% limit on Council Tax increases. Councils have discretion to set increases above this limit, but this would need to be subject to a local referendum.

## 8.0 Overall Risk Analysis

8.1 The summary in Section 6 highlights that the Council's current financial position is well placed but a cautious approach should be maintained pending the next spending review which is expected in 2015/16.

8.2 Each Policy Committee has identified some financial risks and these have been detailed in *Section 5* with mitigating action being put in place.

8.3 The following table summarises what are considered to be the main corporate risks and issues detailed in the report; this also assesses the potential impact upon the Council's financial position as projected in the updated MTFP.

Factor	Issue	Mitigation	Likely effect on Financial position
<b>Core Funding</b>	<ul style="list-style-type: none"> <li>Further reductions in RSG and possible changes to redistribution systems.</li> </ul>	<ul style="list-style-type: none"> <li>Current national trends anticipated in the MTFP.</li> </ul>	<p><b>High</b></p> <p>Cumulatively, a 1% variance in core funding equates to around £300,000 over the MTFP.</p>
<b>Council Tax and the Collection Fund Balance</b>	<ul style="list-style-type: none"> <li>Collection rates reduce due to the economic climate.</li> <li>Demand for Council Tax Support increases when resources are fixed.</li> <li>Empty properties increase reducing New Homes Bonus.</li> </ul>	<ul style="list-style-type: none"> <li>"In built" surplus in the Collection Fund.</li> <li>Local growth is continuing and even at a moderate pace is beneficial.</li> <li>Council will become a member of a Derbyshire Pool from 2015/16 for retention of growth receipts.</li> </ul>	<p><b>Medium</b></p> <p>Only 11% of the Balance is transferred to the Council's General Fund. In addition, effect is not immediate and costs can be spread.</p>
<b>Growth</b>	<ul style="list-style-type: none"> <li>A key factor influencing future levels of grant funding under the business rates redistribution system and NHB.</li> <li>The number of local businesses declines which reduces base income.</li> </ul>	<ul style="list-style-type: none"> <li>The MTFP projects growth at 2% per year for Business Rates and 1% for the Council Tax Base; these rates are considered realistic and prudent based on recent years.</li> </ul>	<p><b>High</b></p> <p>This could affect the MTFP either way. Growth is a determining factor for the Council's income and expenditure – and is subject to external factors. This will directly impact on the General Fund.</p>

	<ul style="list-style-type: none"> <li>Affects Council Tax income and other income streams such as Development Control (Planning).</li> </ul>	<ul style="list-style-type: none"> <li>Future budgets for planning, land charges income, etc. are currently within actual levels for 2014/15.</li> </ul>	
<b>Budget Overspend</b>	<ul style="list-style-type: none"> <li>Underlying cost pressures due to growth yet to surface.</li> <li>Unexpected costs. There are on-going cost pressures as identified in the Base Budget review for 2015/16.</li> </ul>	<ul style="list-style-type: none"> <li>Current level of general and specific reserves is healthy and MTFP allows contingencies for inflation and growth, etc.</li> <li>The base budget has been scrutinised and monitoring arrangements in place allow early identification of issues.</li> </ul>	<b>Medium</b>
<b>General Economic Conditions</b>	<ul style="list-style-type: none"> <li>Higher price increases on key costs such as fuel and utilities.</li> <li>Interest rates affect investment returns and debt payments.</li> </ul>	<ul style="list-style-type: none"> <li>Central inflation contingency for price increases.</li> <li>The General Fund is currently “debt free” and not subject to movement in interest rates.</li> <li>Sufficient balances allow “internal borrowing” if required.</li> <li>Budgeted income from short-term investments is low and insignificant now in the Base Budget.</li> </ul>	<b>Low</b>

### Financial Risks and the Minimum Level of General Reserves

8.4 The above table highlights that the Council potentially faces some financial risks and variables. Although it also has some financial strengths to mitigate risks, the Council still needs to be prudent in ensuring that it maintains an adequate level of General Reserves on its General Fund to act as a contingency.



- 8.5 The Local Government Act 2003, places the emphasis on each local authority to determine its minimum level of reserves, based on advice from the authority's Section 151 (Chief Finance) Officer. This will depend on local circumstances and the minimum level should be reviewed on a regular basis.
- 8.6 Based on this, the Council's minimum level as set out in the Financial Strategy is **£1m** on the General Fund at the end of every 5-year planning period. This level is calculated based on an assessment of the major financial risks and reflects the relatively healthy level that currently exists.
- 8.7 Based on the estimated net revenue expenditure on the General Fund for 2015/16 of £11m, £1m is **9%**. By 2019/20, £1m will be **8%**. As a general guide, a balance of between 5% and 10% should be maintained.

## **9.0 Financial Implications**

- 9.1 As detailed in the report.

## **10.0 Corporate Implications**

- 10.1 There are no other direct legal, personnel or other corporate implications apart from any highlighted in the report.

## **11.0 Community Implications**

- 11.1 The proposed budgets and spending, provide the financial resources to enable services and Council priorities to be delivered to the local community.
- 11.2 The MTFP and associated projections provide an indication of the Council's longer term financial position and the potential effects upon the Council's services.

## **12.0 Background Papers**

- 12.1 The Government's Financial Settlement for 2015/16 and background papers are available at:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2015-to-2016>

- 12.2 The review of the Medium-Term Financial Plan as reported to the Committee in October 2014.

<http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1724/Committee/367/Default.aspx>

## GENERAL FUND MEDIUM TERM FINANCIAL PROJECTION (December 2014)

	Approved Budget 2014/15 £	Proposed Budget 205/16 £	Projection 2016/17 £	Projection 2017/18 £	Projection 2018/19 £	Projection 2019/20 £
<b>BASE BUDGET - Net Service Expenditure (incl. Inflation)</b>	10,680,884	10,944,858	10,985,562	11,201,341	11,473,421	11,751,791
Reverse out depreciation	-515,369	-645,650	-645,650	-645,650	-645,650	-645,650
Add in MRP	242,480	232,781	223,470	214,531	205,950	197,712
VRP - Green bins for recycling	109,663	109,663	109,663	109,663	109,663	109,663
Contribution to bad debts provision	20,000	0	0	0	0	0
Increase in Factory Site Rent (as per lease agreement)	0	0	-10,000	-5,000	-5,000	-5,000
Anticipated Change in Net Interest Received	0	0	-6,497	-27,586	-21,999	-22,321
Pay and Grading - on-going costs	34,000	35,000	35,000	35,000	35,000	35,000
Incremental Salary Increases	0	0	17,000	17,000	17,000	17,000
Leisure Management Contract - Reducing Subsidy (increase 2017 /18)	0	0	-15,195	-18,061	-18,061	-18,061
HRA Recharges	0	0	0	0	0	0
Pay and grading review - additional on going resources	130,000	130,000	130,000	130,000	130,000	130,000
Contingent Sum - Inflation	148,795	89,704	264,780	321,079	327,371	333,809
Contingent Sum - Growth	100,000	100,000	100,000	100,000	100,000	100,000
District Election May 2015	0	0	-125,000	-125,000	-125,000	-125,000
HRA Post	20,158	0	0	0	0	0
Restructure Savings	-77,616	0	0	0	0	0
<b>Approved / Anticipated Future Changes</b>	<b>212,110</b>	<b>51,497</b>	<b>77,569</b>	<b>105,975</b>	<b>109,273</b>	<b>107,152</b>
<b>TOTAL ESTIMATED SPENDING</b>	<b>10,892,994</b>	<b>10,996,355</b>	<b>11,063,131</b>	<b>11,307,316</b>	<b>11,582,694</b>	<b>11,858,943</b>

## FINANCING

Revenue Support Grant	-2,563,000	-1,811,467	-1,378,000	-823,000	-811,000	-800,000
Share of redistributed business rates (after Tariff & Levies)	-2,248,000	-2,290,654	-2,374,000	-2,439,000	-2,506,000	-2,750,000
New Homes Bonus	-1,779,758	-2,322,405	-2,716,900	-2,728,626	-2,540,029	-2,162,835
Transfer to Homelessness	64,080	0	0	0	0	0
Payment to Parish Councils - Share of Council Tax Support Grant	48,627	43,627	43,627	43,627	43,627	43,627
Council Tax Freeze Grant 2014/15 and 2015/16	-49,648	-50,794	0	0	0	0
Council Tax Payers	-4,465,881	-4,598,852	-4,736,806	-4,878,438	-5,023,840	-5,173,108
Collection Fund Surplus	-20,000	-57,000	-20,000	-20,000	-20,000	-20,000

## GENERAL FUND MEDIUM TERM FINANCIAL PROJECTION (December 2014)

	Approved Budget 2014/15 £	Proposed Budget 205/16 £	Projection 2016/17 £	Projection 2017/18 £	Projection 2018/19 £	Projection 2019/20 £
Subsidy Administration Grant	0	0	34,223	65,024	89,322	104,688
Section 31 Grant	-24,000	0	0	0	0	0
<b>TOTAL FINANCING</b>	<b>-11,042,580</b>	<b>-11,087,545</b>	<b>-11,147,855</b>	<b>-10,780,413</b>	<b>-10,767,920</b>	<b>-10,757,628</b>
<b>Surplus (-) / Deficit</b>	<b>-149,586</b>	<b>-91,189</b>	<b>-84,724</b>	<b>526,904</b>	<b>814,773</b>	<b>1,101,315</b>
<b>GENERAL FUND RESERVE</b>						
Balance b/f	-5,910,090	-5,857,676	-5,728,865	-5,393,589	-4,776,685	-3,941,912
(Surplus)/Deficit	-149,586	-91,189	-84,724	526,904	814,773	1,101,315
Pay and Grading Review	0	200,000	150,000	70,000	0	0
Contribution to vehicle replacement fund (previously in cost of services)	20,000	20,000	20,000	20,000	20,000	20,000
Contribution to Pensions Reserve	182,000	0	0	0	0	0
Provision for Capital Funding	0	0	250,000	0	0	0
<b>Balance c/f</b>	<b>-5,857,676</b>	<b>-5,728,865</b>	<b>-5,393,589</b>	<b>-4,776,685</b>	<b>-3,941,912</b>	<b>-2,820,597</b>

## APPENDIX 2: BUDGET - 2015/16

### Environmental and Development

		BUDGET			
		2015/16	2014/15	VARIANCE	
		£	£	£	
PSX90	Transport Services	855,558	702,298	-153,260	Adverse depreciation (106k), spare parts (60k) and salaries (14k) - savings made on licenses, materials, t&e and sign writing (16k) plus taxi testing recharge previously not budgeted (10k)
<b>Central &amp; Departmental Accounts</b>		<b>855,558</b>	<b>702,298</b>	<b>-153,260</b>	
CCF00	Tourism Policy, Marketing & Development	56,624	55,100	-1,524	Adverse due to uplift on grants
CPH70	Promotion and Marketing of the Area	179,670	178,729	-942	Savings professional fees (3k), computer maintenance (6k) and grant income (3k) - adverse materials (9k) and salaries (3k)
<b>Economic Development</b>		<b>236,294</b>	<b>233,829</b>	<b>-2,466</b>	
CPE10	Environmental Education	69,103	69,104	0	
<b>Environmental Education</b>		<b>69,103</b>	<b>69,104</b>	<b>0</b>	
CEE00	Food Safety	68,200	107,557	39,357	Saving salaries (34k) and increase in income for export certificates (10k) - adverse computer maintenance (4k)
CEE10	Pollution Reduction	235,442	252,688	17,247	Savings salaries (7k), depreciation (2k), computer maintenance (6k) and income (3k)
CEE50	Pest Control	12,017	10,585	-1,431	Decrease in income following trend for 14/15
CEE80	Public Conveniences	35,129	43,675	8,546	Saving grant no longer paid to Parish Councils (5k) and repairs & maintenance (4k) - adverse depreciation (2k)
CEH00	Community Safety (Safety Services)	114,296	117,245	2,949	Savings on professional fees
KGW00	Welfare Services	1,800	1,500	-300	
<b>Environmental Services</b>		<b>466,884</b>	<b>533,252</b>	<b>66,368</b>	
HTK10	Environmental Maintenance (Other Roads)	-26,242	-9,446	16,796	Movement of income previously in Street Cleansing (34k) - adverse professional fees for gully cleaning for DCC (17k)
NAC60	Public Transport	31,589	28,098	-3,492	Adverse Business Rates
<b>Highways</b>		<b>5,347</b>	<b>18,652</b>	<b>13,304</b>	
ACL00	Local Land Charges	-21,921	7,634	29,555	Saving on salaries
CEE70	Licensing	-43,350	-53,796	-10,446	Adverse salaries (4k), computer maintenance (2k) and taxi testing recharge not budgeted previously (10k) - savings professional fees (5k)
<b>Licensing and Land Charges</b>		<b>-65,271</b>	<b>-46,162</b>	<b>19,109</b>	
CCA20	Heritage	0	8,700	8,700	No longer used budget moved to CPD10

## APPENDIX 2: BUDGET - 2015/16

### Environmental and Development

		BUDGET			
		2015/16	2014/15	VARIANCE	
		£	£	£	
CPB00	Building Regulations	55,034	68,274	13,240	Savings salaries (3k) and increased income (10k)
CPB20	Other Building Control Work	-10,000	-6,000	4,000	Increase in income (3k) and saving on profession fees (1k)
CPC10	Dealing with Development Control Applications	-76,689	12,820	89,509	Savings salaries (9k), increase in income (50k) and increased reserve funding (36k) - adverse advertising (4k) and periodicals and microfilming (2k)
CPC20	Development Control Enforcement	0	75,161	75,161	No longer used budget moved to CPC10
CPD10	Structure and Local Planning	356,467	383,397	26,930	Adverse salaries (14k) and grant payments from CCA20 (8k) - saving professional fees (29k) and increased reserve funding (20k)
CPL00	Planning Development	160,522	28,604	-131,918	Adverse salaries (138k) and favourable Area Forum income (7k)
<b>Planning</b>		<b>485,334</b>	<b>570,956</b>	<b>85,622</b>	
HTP10	Off-Street Parking	58,617	69,463	10,845	Saving (9K) Grounds Maint (non contract) no longer required (1K) Car park rent saving (based on previous years)
<b>Town Centre</b>		<b>58,617</b>	<b>69,463</b>	<b>10,845</b>	
CES00	Street Cleansing (not chargeable to highways)	269,066	197,933	-71,133	Savings salaries (1k) and professional fees (27k) - adverse overtime (21k) and income moved to CCE00 & HTK10 (78k)
CEW00	Household Waste Collection	1,252,890	1,194,152	-58,738	Adverse salaries (123k), overtime (7k), vehicle hire (15k), materials (12k) and income recycling disbursements (30k) - savings agency (79k), recycling disbursements (30k), leases (11k), training (4k) and increased income (5k)
CEW10	Trade Waste Collection	-134,646	-118,740	15,906	Saving on income and internal recharges
<b>Waste Collection &amp; Street Cleansing</b>		<b>1,567,156</b>	<b>1,468,677</b>	<b>-98,480</b>	
<b>COMMITTEE TOTALS</b>		<b>3,679,024</b>	<b>3,620,067</b>	<b>-58,957</b>	

## APPENDIX 3: BUDGET - 2015/16

### Housing & Community

		BUDGET			
		2015/16	2014/15	VARIANCE	
		£	£	£	
ACT00	General Grants, Bequests & Donations	248,269	248,743	474	
CCD00	Community Centres	76,001	89,885	13,884	Saving depreciation (10k) and overtime (4k)
CEG00	Community Safety (Crime Reduction)	109,990	109,990	-0	
CEK00	Defences Against Flooding	56,774	58,495	1,721	Savings grounds maintenance (non-contract)
CPH20	Market Undertakings	-11,943	-5,788	6,155	Increase in income
CCF10	Village Halls	7,000	7,000	0	
<b>Community Development and Support</b>		<b>486,092</b>	<b>508,326</b>	<b>22,234</b>	
CCA10	Arts Development & Support	21,320	21,320	-0	
CCA40	Events Management	135,233	107,006	-28,227	Adverse salaries (17k) and Civic Functions (15k) moved from ACD00 - Saving (4k) Christmas lights
<b>Leisure and Recreational Activities</b>		<b>156,553</b>	<b>128,326</b>	<b>-28,227</b>	
CCD20	Sports Development & Community Recreation	120,500	115,038	-5,462	Reserve Funded CCD10,20, 40 & 50 total variance 0
CCD30	Indoor Sports & Recreation Facilities	316,714	300,304	-16,410	Favourable income John Port School contribute 38% (12k), lease agreement saving (4k) and surplus income AGP (2k) - adverse depreciation (23k), utilities (4k), contract fee (3k) and possible deficit in café running costs (4k)
CCD40	Outdoor Sports & Recreation Facilities (SSP)	8,059	-334	-8,393	Reserve Funded CCD10,20, 40 & 50 total variance 0
CCA00	Melbourne Leisure Centre	1,100	1,200	100	
CCD10	Get Active in the Forest	26,050	40,105	14,055	Reserve Funded CCD10,20, 40 & 50 total variance 0
CCD50	Playschemes	14,365	14,165	-200	Reserve Funded CCD10,20, 40 & 50 total variance 0
<b>Leisure Centres and Community Facilities</b>		<b>486,788</b>	<b>470,478</b>	<b>-16,310</b>	
CCE00	Ground Maintenance	392,895	387,439	-5,456	Favourable income moved from CES00 (43k) - adverse salaries (41k), utilities (3k) and internal recharge grounds maint (4k)
CCE10	Countryside Recreation & Management	11,989	12,683	694	
CCE20	Allotments	-655	-525	130	
CCF20	Rosliston Forestry Centre	96,188	96,189	0	
CEA00	Cemeteries	2,617	3,136	518	Additional income budgeted due to trend 13/14 and YTD (11k) - adverse professional fees due to increased income (7k) and salaries (3k)
CEA30	Closed Churchyards	4,100	3,608	-492	
KJE70	Community Parks & Open Spaces	191,203	197,802	6,599	Additional reserve funding to cover increased expenditure (27k) - adverse R & M (10k), health & safety (5k), materials (5k), professional fees (2k) and depreciation (5k)
<b>Parks and Open Spaces</b>		<b>698,338</b>	<b>693,732</b>	<b>-4,606</b>	

## APPENDIX 3: BUDGET - 2015/16

### Housing & Community

		BUDGET			
		2015/16	2014/15	VARIANCE	
		£	£	£	
KGA00	Housing Strategy	121,194	113,815	-7,379	Adverse salaries (11k) and favourable training & subscriptions (3k)
CEE20	Housing Standards	82,951	78,331	-4,620	Salaries
KGD00	Housing Advice	53,354	37,791	-15,563	Adverse withdrawal of 9k reserve funding, training (5k) and salaries (2k)
KGE10	Administration of Renovation & Improvement Grants	31,871	85,083	53,213	Savings salaries (28k) and third party agency fees no longer required (25k)
KGH10	Bed / Breakfast Accomodation	0	4,000	4,000	Income to equal costs
KGH40	Homelessness Administration	87,911	96,675	8,764	Saving salaries (91k) and grants (2k) - adverse training (5k), RSG removed from budget (64k) and reserve funding removed (16k)
KGX20	Housing Department Support Staff and Costs	61,533	0	-61,533	Transfer of costs from KGH40 and KGX00
KGT00	Travellers' Sites	-15,464	-15,496	-32	
<b>Private Sector Housing</b>		<b>423,350</b>	<b>400,200</b>	<b>-23,150</b>	
<b>COMMITTEE TOTALS</b>		<b>2,251,121</b>	<b>2,201,063</b>	<b>-50,058</b>	

## APPENDIX 4: BUDGET - 2015/16

### Finance & Management

		BUDGET			NOTES and COMMENTS ON VARIANCES
		2015/16	2014/15	VARIANCE	
		£	£	£	
PSX40	Senior Management	453,844	458,855	5,011	Saving salaries (10k) and training (1k) - adverse reduced HRA recharge (6k)
PSX50	Reprographic/Print Room	71,992	77,406	5,414	Additional Recharge to HRA
PSX55	Financial Services	290,881	286,308	-4,573	Adverse salaries (2k) and HRA recharge reduction (2k)
PSX56	Internal Audit	103,115	103,115	-0	
PSX57	Merchant Banking Services	45,935	45,935	-0	
PSX60	ICT Support	651,783	656,314	4,531	Saving - Northgate contract
PSX65	Legal Services	133,863	91,950	-41,913	Adverse salaries (50k) and training (3k) - additional recharge to HRA (12k)
PSX75	Personnel/HR	235,916	239,781	3,865	Saving - Northgate contract
PSX76	Policy & Communications	239,102	241,953	2,850	Saving - Northgate contract
PSX77	Customer Services	535,600	533,644	-1,956	Adv - Northgate Contract
PSX78	Health & Safety	35,218	34,377	-841	
PSX81	Admin Offices & Depot	317,411	333,127	15,717	Saving salaries (4k), utilities (17k) and Service Charge DCC income (5k) - adverse (10K) internal recharges
PSX95	Procurement Unit	103,437	104,920	1,483	Saving - Northgate contract
PSX99	Corporate Services Partnership	0	0	0	
KJE40	Caretaking	92,119	89,444	-2,675	Adverse salaries (20k) and internal recharge (2k) - additional income budget (19k) DCC Service charge
<b>Central and Departmental Accounts</b>		<b>3,310,216</b>	<b>3,297,130</b>	<b>-13,086</b>	
AAD00	Democratic Representation & Management	94,229	187,937	93,708	Savings salaries (82k), Civic car removal (2k), travel (2k), additional charge to HRA (13k) and tools (2k) - Adverse (7k) income moved to CPL00 Area Forum
AAM00	Corporate Management	75,400	75,400	0	
AAM01	Corporate Finance Management	64,459	72,459	8,000	Saving (8K) Audit fees
ACD00	Elected Members	329,757	274,169	-55,588	Savings (6k) Civic Car and (12k) Civic Functions moved to CCA40 - adverse (8k) training (17k) Members Allowances (10k) professional fees (37k) internal recharge (2k) subscriptions
KJW00	Debt Management Costs	125,707	124,900	-807	Adv - Northgate Contract
<b>Corporate and Democratic Costs</b>		<b>689,551</b>	<b>734,864</b>	<b>45,313</b>	
ACE00	Registration of Electors	20,122	20,622	500	
ACE10	Conducting Elections	255,982	122,714	-133,268	Adverse (100k) Election fees, (25k) salaries and (8k) room hire & postage for election
<b>Electoral Registration</b>		<b>276,104</b>	<b>143,336</b>	<b>-132,768</b>	
ACT01	Parish Councils	324,340	318,108	-6,232	Grant uplift %



## APPENDIX 4: BUDGET - 2015/16

### Finance & Management

		BUDGET			NOTES and COMMENTS ON VARIANCES
		2015/16	2014/15	VARIANCE	
		£	£	£	
<b>Payments to Parish Councils</b>		<b>324,340</b>	<b>318,108</b>	<b>-6,232</b>	
ABP00	Funded Pension Schemes	241,505	241,505	0	
W4A00	Interest & Investment Income (GF)	-37,185	-46,935	-9,750	MTFP
W7A00	External Interest Payable (GF)	1,500	10,050	8,550	Interest on small deposits
<b>Pensions, Grants Interest Payments and Receipts</b>		<b>205,820</b>	<b>204,620</b>	<b>-1,200</b>	
PSX85	Estate Management	-150,152	-167,696	-17,544	(15k) Business Rates and (3k) Legionella Testing
<b>Property and Estates</b>		<b>-150,152</b>	<b>-167,696</b>	<b>-17,544</b>	
ACA00	Council Tax Collection	-66,652	-37,400	29,252	Favourable income (29k) court fees
ACA40	Non Domestic Rates Collection	29,361	28,600	-761	
KGL00	Rent Allowances Paid	214,195	191,309	-22,886	Government grant entitlement
KGNO0	Net cost of Rent Rebates Paid	56,015	84,700	28,685	Government grant entitlement
KGPO0	Housing Benefits Administration	125,286	82,341	-42,945	(27k) decrease in Government Grant, (8k) salaries, (6k) professional fees and (2k) Northgate Contract fee
<b>Revenues and Benefits</b>		<b>358,205</b>	<b>349,550</b>	<b>-8,655</b>	
<b>COMMITTEE TOTALS</b>		<b>5,014,086</b>	<b>4,879,913</b>	<b>-134,173</b>	

## COUNCIL TAX BASE

PARISH	2014/15	2015/16	Change
ASH	24	24	0
ASTON ON TRENT	673	676	3
BARROW ON TRENT	234	234	1
BARTON BLOUNT	31	32	0
BEARWARDCOTE	12	12	-0
BRETRY	406	408	2
BURNASTON	680	687	7
CALKE	10	11	1
CASTLE GRESLEY	471	485	14
CATTON	20	21	0
CAULDWELL	47	47	0
CHURCH BROUGHTON	235	233	-3
COTON IN THE ELMS	256	269	13
DALBURY LEES	120	122	1
DRAKELOW	62	61	-1
EGGINGTON	257	259	2
ELVASTON	698	699	2
ETWALL	987	985	-2
FINDERN	622	624	2
FOREMARK	33	33	0
FOSTON & SCROPTON	241	247	5
HARTSHORNE	1,027	1,057	30
HATTON	806	838	31
HILTON	2,590	2,584	-6
HOON	21	22	1
INGLEBY	48	47	-1
LINTON	626	641	15
LULLINGTON	61	59	-3
MARSTON ON DOVE	16	17	1
MELBOURNE	1,818	1,875	56
NETHERSEAL	319	319	-1
NEWTON SOLNEY	281	278	-2
OSLESTON & THURVASTON	125	123	-1
OVERSEAL	771	787	17
RADBOURNE	49	50	1
REPTON	1,011	1,007	-3
ROSLISTON	255	256	1
SHARDLOW & GREAT WILNE	413	418	5
SMISBY	122	122	0
STANTON BY BRIDGE	117	119	2
STENSON FIELDS	1,085	1,094	8
SUTTON ON THE HILL	63	64	1
SWADLINCOTE	8,347	8,803	456
SWARKESTONE	85	89	4
TICKNALL	290	294	4
TRUSLEY	38	37	-2
TWYFORD & STENSON	67	173	106
WALTON ON TRENT	297	298	1
WESTON ON TRENT	473	474	1
WILLINGTON	858	878	19
WOODVILLE	1,522	1,615	93
<b>TOTAL</b>	<b>29,723</b>	<b>30,608</b>	<b>885</b>

## COLLECTION FUND ESTIMATE and LATEST PROJECTION 2014/15

	Actual 2013/14	Estimate 2014/15	Actual as at Nov 2014	Variance	
	£'000	£'000	£'000	£'000	
<b>COUNCIL TAX - INCOME &amp; EXPENDITURE</b>					
<b>INCOME</b>					
Council Tax Collectable	44,151	45,480	45,823	343	Estimate - Increase in Precepts of 3.01%
<b>EXPENDITURE</b>					
County Council Precept	31,627	32,657	32,657	0	
Police and Crime Commissioner Precept	4,901	5,059	5,059	0	
Fire Authority Precept	1,972	2,034	2,034	0	
SDDC Precept	4,411	4,466	4,466	0	
SDDC Parish Precepts	603	606	606	0	
Increase in Bad Debts Provision	347	359	362	3	0.79% of Ctax Collectable
<b>Total Expenditure</b>	<b>43,861</b>	<b>45,181</b>	<b>45,184</b>	<b>3</b>	
<b>Surplus for the Year</b>	<b>290</b>	<b>299</b>	<b>639</b>	<b>340</b>	
<b>COUNCIL TAX BALANCE</b>					
Opening Balance 1st April 2014	84	374	374	0	
Share of Previous Surplus to County Council	0	-126	-126	0	
Share of Previous Surplus to Police	0	-19	-19	0	
Share of Previous Surplus to Fire Authority	0	-8	-8	0	
Share of Previous Surplus to SDDC	0	-20	-20	0	
Surplus for Year (as above)	290	299	639	340	
<b>Closing Balance as at 31st March 2015</b>	<b>374</b>	<b>500</b>	<b>840</b>	<b>340</b>	

<b>BUSINESS RATES - INCOME &amp; EXPENDITURE</b>					
<b>INCOME</b>					
Business Rates Collectable	22,015	22,930	23,517	587	Estimate per NNDR1 14/15
<b>EXPENDITURE</b>					
Central Government Precept	10,365	10,540	10,540	0	Estimate per NNDR1 14/15
SDDC Precept	8,292	8,432	8,432	0	As above
Derbyshire County Council Precept	1,866	1,897	1,897	0	As above
Fire and Rescue Service Precept	207	211	211	0	As above
Cost of Collection	91	91	91	0	As above
Increase in Bad Debts Provision	1,453	1,187	0	-1,187	Provide 3% for increase in rates
Provision for Appeals	627	584	647	63	Provide for 2.75% of Rates
<b>Total Expenditure</b>	<b>22,901</b>	<b>22,942</b>	<b>21,818</b>	<b>-1,124</b>	
<b>Surplus / Deficit (-)</b>	<b>-886</b>	<b>-12</b>	<b>1,699</b>	<b>1,711</b>	
<b>BUSINESS RATES BALANCE</b>					
Opening Balance 1st April 2014	0	-886	-886	0	
Surplus / Deficit (-) for the Year as above	-886	-12	1,699	1,711	
<b>Closing Balance as at 31st March 2015</b>	<b>-886</b>	<b>-898</b>	<b>813</b>	<b>1,711</b>	

## LIST OF EARMARKED RESERVES

Specific / Earmarked Reserves - Council Funds	Balance	Estimated	Estimated	Estimated	Notes
	b/fwd	Movement	Movement	Movement	
	1/4/14	14/15	15/16	31/3/16	
	£	£	£	£	
Vehicle Replacement Fund	581,530	70,000	-230,000	421,530	Capital expenditure and financing as planned
Dilapidation Works - Factory Site per Lease Agreement	260,870	0	-260,870	0	Ring fenced- to be spent in accordance with extended lease
IT Reserve	195,526	-50,000	-50,000	95,526	To fund major developments
Pensions Reserve	0	182,000	0	182,000	To fund increase in rates and for Auto Enrolment
Local Plan - Consultation and Implementation	200,000	-50,000	-150,000	0	
Green Bank Leisure Centre - Refurbishment Works	99,000	-99,000	0	0	
Repton Parish (Former Depot proceeds)	33,049	0	0	33,049	Ring fenced for new village hall
Corporate Services Innovation Fund	52,666	5,000	10,000	67,666	Ring fenced - partnership board to consider usage
Rosliston Forestry Centre / Café	34,772	5,000	5,000	44,772	Profit share transferred - no current proposals to utilise
<b>Total - Specific / Earmarked Reserves</b>	<b>1,457,413</b>	<b>63,000</b>	<b>-675,870</b>	<b>844,543</b>	

## Specific Grants and Contributions - Discretionary

Public Open Space - Commuted Sums	452,757	-52,950	-79,650	320,157	Financing expenditure as planned in Base Budget
Youth Engagement Partnership	472,978	-65,600	-134,800	272,578	As above
Schools Sport Partnership Project	187,765	-65,400	-102,000	20,365	As above
Community Safety & Crime Reduction	456,611	-70,800	-106,950	278,861	As above
Young People's Cultural Partnership / Arts Development	42,326	0	-3,000	39,326	As above
Rosliston Business Units	10,719	-10,719	0	0	Balance for retention payments
Get Active in the Forest Partnership	112,410	-600	-85,450	26,360	Financing expenditure as planned in Base Budget
Environmental Education	56,912	0	0	56,912	No further projects currently planned
Tetron Point Storm Water Basin - S106 UK Coal	53,012	0	0	53,012	Ring fenced
Swadlincote Woodlands - Section 106	50,774	0	0	50,774	Held pending funding review in 2018/19
Rosliston Forestry Centre	35,892	-35,892	0	0	Contribution to current capital spending
New Play Equipment and Safety Surfacing	22,842	-22,842	0	0	As above
Maurice Lea Park NHLF Grant	23,012	-23,012	0	0	As above
BCU Funding	21,110	0	0	21,110	Subject to review
LSP Reserve	16,357	0	0	16,357	Subject to review
Housing Strategy	50,875	0	0	50,875	No further projects currently planned
Homelessness Prevention	176,581	-16,750	0	159,831	Financing expenditure as planned in Base Budget
Local Council Tax Support Scheme	14,006	-14,006	0	0	Balance held to meet impact of Welfare Reform in 2014/15
Welfare Reform	17,003	-17,003	0	0	As above
Community Right to Bid	12,728	5,000	0	17,728	Grant - to meet potential cost of listing assets
Community Right to Challenge	8,547	3,000	0	11,547	Grant - to meet potential cost of service reviews

## LIST OF EARMARKED RESERVES

Specific / Earmarked Reserves - Council Funds	Balance	Estimated	Estimated	Estimated	Notes
	b/fwd	Movement	Movement	Movement	
	1/4/14	14/15	15/16	31/3/16	
	£	£	£	£	
Property Records - Data sharing	7,131	0	0	7,131	Grant - cost of system changes incurred in 2014/15
Discretionary Housing Payments	14,962	-14,962	0	0	Balance held to meet impact of Welfare Reform in 2014/15
Heritage Grants	10,000	-10,000	0	0	
Electoral Registration	38,401	-38,401	0	0	
Green Bank Lesiure Centre Refurbishment - retention	2,757	-27,577	0	-24,820	
<b>Total - Specific Grants and Contributions</b>	<b>2,368,468</b>	<b>-478,514</b>	<b>-511,850</b>	<b>1,378,104</b>	
<b>Section 106 - Earmarked Funds</b>	<b>1,109,728</b>	<i>tbc</i>	<i>tbc</i>	<b>1,109,728</b>	
<b>TOTAL EARMARKED RESERVES</b>	<b>4,935,609</b>	<b>-415,514</b>	<b>-1,187,720</b>	<b>3,332,375</b>	

---

<b>REPORT TO:</b>	<b>OVERVIEW AND SCRUTINY COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>21<sup>ST</sup> JANUARY 2015</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM</b>	<b>CHIEF EXECUTIVE</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>ARDIP KAUR – 595715 ardip.kaur@south-derbys.gov.uk</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>REGULATION OF INVESTGATORY POWERS ACT 2000 (RIPA) – INSPECTION, POLICY &amp; GUIDANCE DOCUMENT AND QUARTERLY REPORT</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>All</b>	<b>TERMS OF REFERENCE:</b>

---

## **1.0 Recommendations**

- 1.1 To approve the Council's Regulation of Investigatory Powers Act 2000 ('RIPA') Policy and Guidance document in light of recommendations following Inspection by Assistant Surveillance Commissioner HH Norman Jones QC of the Office of Surveillance Commissioners.
- 1.2 To note the internal report on the Council's use of the Regulation of Investigatory Powers Act 2000 in the last quarter at 4.4.

## **2.0 Purpose of Report**

- 2.1 To receive a report regarding the Council's Inspection by the Office of Surveillance Commissioners and approve the Council's Regulation of Investigatory Powers Act 2000 Policy and Guidance document, as set out in **Appendix A**.
- 2.2 To note the report on the Council's use of the Regulation of Investigatory Powers Act 2000 since 1<sup>st</sup> August 2014.

## **3.0 Detail**

- 3.1 The Office of Surveillance Commissioners (OSC) was set up to monitor compliance with RIPA. The OSC has a duty to keep under review, the exercise and performance by the relevant persons, of the powers and duties under the Act. The Surveillance Commissioner will from time to time inspect the Council's records and procedures for this purpose.
- 3.2 An Inspection by the Assistant Surveillance Commissioner, HH Norman Jones QC, took place on 29<sup>th</sup> September 2014. The inspection was conducted by way of discussion and interview with the Chief Executive, the Director of Finance and

Corporate Services, the RIPA Co-ordinating Officer, and the Client Services Manager.

3.3 The Inspector examined the Central Record of Authorisations and a number of RIPA issues were discussed with Officers. Among issues considered were:

- actions taken on past recommendations;
- the decline in levels of authorisation;
- the management of RIPA;
- Authorising Officers;
- training;
- Covert Human Intelligence Sources (CHIS);
- the use of Social Networking Sites for investigatory purposes;
- the Protection of Freedoms Act 2012;
- policy and procedures;
- reporting to Councillors.

3.4 The Inspector made the following recommendations:

Amend the Central Record of Authorisations

The Inspector noted amendments had been made to reflect a recommendation of the last Report. However, the Inspector advised it would be helpful to expand the record to include applications for approval and results from the Magistrates Court.

Increase the number of Authorising Officers and provide training for the Authorising Officers

The Council, largely following recommendations by the OSC, had steadily reduced the number of Authorising Officers to two. The Inspector recommended at least one other Authorising Officer be appointed.

Training to cover issues arising from the use of Social Networking Sites as an investigatory tool

It was recognised useful information may be found on social networking sites. The Inspector recommended a small number of Officers receive appropriate training and the Council's training programme be updated with an additional module regarding this matter.

Amend the RIPA Policy and Guidance document

The Inspector noted this document had been revised to accommodate for the provisions made by the Protection of Freedoms Act 2012. The policy was approved at the last inspection and the Inspector noted it remained a good source of information and guidance for Authorising Officers and applicants. The Inspector suggested a few minor amendments, which have been incorporated into the document at **Appendix A**.

## **4.0 Conclusions**

4.1 The Inspector noted irrespective of the fact South Derbyshire District Council has not engaged in covert surveillance for almost 5 years, it was encouraging Officers principally concerned with RIPA were alert to the requirements of the legislation in the event they had to resort to its use. He stated it was particularly encouraging to note the enthusiasm of the Senior Responsible Officer and the RIPA Co-Ordinating Officer and their wide knowledge of the subject.

4.2 The Inspector stated the Council has kept abreast of RIPA developments and had established a good training system. He further noted steps were taken to ensure

there was a wide awareness of RIPA throughout the Council thus reducing the risks of unauthorised surveillance.

- 4.3 The usage of RIPA during the period August 2014 to November 2014 was nil. No authorisations were requested or granted.

## **5.0 Financial Implications**

- 5.1 None arising directly from this report.

## **6.0 Corporate Implications**

- 6.1 The Council must act in accordance with legislative changes regarding the authorization process and the surveillance crime threshold.

## **7.0 Community Implications**

- 7.1 Covert surveillance is carried out in a manner calculated to ensure that the person subject to the surveillance is unaware of it taking place. The Council carries out directed surveillance which is covert, not intrusive, is not carried out in an immediate response to events, and is undertaken for the purpose of a specific investigation or operation in a manner likely to obtain private information about an individual.
- 7.2 Section 8 of the application form asks the applicant to supply details of any potential collateral intrusion and to detail why the intrusion is unavoidable. The idea behind collateral intrusion is to identify who else, apart from the subject of the surveillance, can be affected by the nature of the surveillance. Any application for authorisation should include an assessment of the risk of the collateral intrusion and this should be taken into account by the Authorising Officer when considering proportionality. The Authorising Officer needs to know by those carrying out the surveillance if the investigation or operation would unexpectedly interfere with the privacy of individuals not covered by the authorisation. An Authorising Officer must be made aware of any particular sensitivities in the local community.

## **8.0 Background Papers**

None



**SOUTH DERBYSHIRE DISTRICT COUNCIL**

**REGULATION OF**  
**INVESTIGATORY POWERS ACT 2000 (RIPA)**

**POLICY AND GUIDANCE**

**CONTENTS**

**Page nos.**

2 – 3	Introduction
4 – 26	Guidance - Part I – Direct Surveillance and CHIS
27 – 30	Guidance – Part II – Acquisition and Disclosure of Communications data
<b><u>Appendices</u></b>	
31	Appendix A – Covert Surveillance and Property Interference – Revised Code of Practice
32	Appendix B – Code of Practice – CHIS
33	Appendix C – Office of Surveillance Commissioners Procedures & Guidance 2010
34	Appendix D – Directed Surveillance Flowchart
35	Appendix E – Application to a Justice of the Peace Flowchart
36	Appendix F – Directed Surveillance Forms
37	Appendix G – CHIS Forms
38	Appendix H – Code of Practice – Acquisition and Disclosure of Communications Data
39	Appendix I – Communication Data Forms
40 – 42	Appendix J – Cancellation of a Directed Surveillance Authorisation Form
43 – 44	Appendix K – Judicial Application Form and Order Form

**SOUTH DERBYSHIRE DISTRICT COUNCIL**

**POLICY ON REGULATION OF INVESTIGATORY POWERS  
ACT 2000 (RIPA)**

**Introduction**

South Derbyshire District Council only carries out covert surveillance where such action is justified and endeavours to keep such surveillance to a minimum. It recognises the importance of complying with RIPA when such an investigation is for the purpose of preventing or detecting crime or preventing disorder and has produced this guidance document to assist officers.

**Applications for authority**

All applications for authorisation in accordance with RIPA ('Authorising Officers') will be considered by a member of the Corporate Management Team identified in the table below (Chief Executive, Director of Finance and Corporate Services, Director of Housing and Environmental Services). Any incomplete or inadequate application forms will be returned to the applicant for amendment. Authorising Officers shall in particular ensure that:-

- there is a satisfactory reason for carrying out the surveillance
- the covert nature of the investigation is necessary
- proper consideration has been given to collateral intrusion
- the proposed length and extent of the surveillance is proportionate to the information being sought.
- Chief Executive's authorisation is sought where legal/medical/clerical issues are involved
- The authorisations are reviewed and cancelled.
- Records of all authorisations are sent to the Legal and Democratic Services Manager for entry on the Central Register.

<b>AUTHORISING OFFICERS</b>
CHIEF EXECUTIVE
DIRECTOR OF FINANCE & CORPORATE SERVICES
DIRECTOR OF HOUSING & ENVIRONMENTAL SERVICES

## **Senior Responsible Officer**

The Senior Responsible Officer is the Chief Executive. The Senior Responsible Officer has overall responsibility for RIPA, as outlined in the Codes of Practice and the Council's Policy and Guidance.

## **RIPA Co-ordinating Officer / Training**

The RIPA Co-ordinating Officer is the Council's Legal and Democratic Services Manager. The RIPA Co-ordinating Officer is responsible for the maintenance of the Central Record of Authorisations and the collation of RIPA applications/authorisations, reviews, renewals, and cancellations. In addition, there is responsibility for providing oversight of the RIPA process within the Council and for RIPA training.

The RIPA Co-ordinating Officer shall ensure that refresher training is offered once a year to all directorates of the Council and also give advice and training on request.

The RIPA Co-ordinating Officer is responsible for raising RIPA awareness within the Council.

Authorising Officers shall be responsible for ensuring that relevant members of staff are aware of the Act's requirements.

## **Legislative Changes**

By virtue of sections 37 and 38 of the Protection of Freedoms Act 2012, from 1<sup>st</sup> November 2012 the Council will be required to obtain judicial approval prior to using covert techniques. Authorisations and notices under RIPA will only be given effect once an Order has been granted by a Justice of the Peace (JP), a District Judge or lay Magistrate.

Furthermore, from 1<sup>st</sup> November 2012, the Council's use of directed surveillance will be limited to the investigation of crimes which attract a six month or more custodial sentence, with the exception of offences relating to the underage sale of alcohol and tobacco.

# **REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**

## **GUIDANCE - PART I**

### **DIRECTED SURVEILLANCE AND COVERT HUMAN INTELLIGENCE SOURCE**

#### **1. Purpose**

The purpose of this guidance is to explain

- the scope of RIPA – Part II;
- the circumstances where it applies; and
- the authorisations procedures to be followed

#### **2. Introduction**

- 2.1 The Regulation of Investigatory Powers Act 2000 (“the Act”), which came into force in 2000, is intended to regulate the use of investigatory powers exercised by various bodies including local authorities, and ensure that they are used in accordance with human rights. This is achieved by requiring certain investigations to be authorised by an appropriate Authorising Officers before they are carried out.
- 2.2 The investigatory powers, which are relevant to a local authority, are directed covert surveillance in respect of specific operations or specific investigations and the use of covert human intelligence sources. The Act makes it clear for which purposes they may be used, to what extent, and who may authorise their use. There are also Codes of Practice in relation to the use of these powers and these are attached at **Appendix A and Appendix B.** Attached at **Appendix C** is the Procedure and Guidance document issued by the Office of Surveillance Commissioners in September 2010.
- 2.3 Consideration must be given, prior to authorisation as to whether or not the acquisition of private information is necessary and proportionate, i.e. whether a potential breach of a human right is justified in the interests of the community as a whole, or whether the information could be gleaned in other ways.
- 2.4 A public authority may only engage the Act when in performance of its core functions, that is the specific public functions undertaken by the authority in contrast to the ordinary functions that are undertaken by every authority, for example, employment issues, contractual arrangements, etc.

#### **3. Scrutiny and Tribunal**

##### **3.1 External Scrutiny**

- 3.1.1 The Office of Surveillance Commissioners (OSC) was set up to monitor compliance with the Act. The OSC has “a duty to keep under review the

exercise and performance by the relevant persons of the powers and duties under Part II of the Act”, and the Surveillance Commissioner will from time to time inspect the Council’s records and procedures for this purpose.

3.1.2 In order to ensure that investigating authorities are using the powers properly, the Act also establishes a Tribunal to hear complaints from persons aggrieved by conduct, e.g. directed surveillance. Applications will be heard on a judicial review basis. Such claims must be brought no later than one year after the taking place of the conduct to which it relates, unless it is just and equitable to extend this period.

3.1.3 The Tribunal can order:

- Quashing or cancellation of any warrant or authorisation
- Destruction of any records or information obtained by using a warrant or Authorisation
- Destruction of records or information held by a public authority in relation to any person

3.1.4 The Council has a duty to disclose to the tribunal all documents they require if any Council officer has:

- Granted any authorisation under the Act
- Engaged in any conduct as a result of such authorisation

## 3.2 Internal Scrutiny

3.2.1 The Senior Responsible Officer is responsible for:

- The integrity of the process in place within the Council to authorise directed surveillance and CHIS
- Compliance with Part II of the Act and with the accompanying Codes of Practice
- Engagement with the OSC when they conduct their inspections and
- Where necessary oversee the implementation of any post-inspection action plans recommended or approved by the OSC

3.2.2 The Overview and Scrutiny Committee will review the authority’s use of the Act and the Policy and Guidance document at least once a year. They will also consider internal reports on the use of the Act on at least a quarterly basis to ensure that it is being used consistently with this Policy and that that Policy is fit for purpose. The Members will not, however, be involved in making decisions on specific authorisations.

Elected members and Senior Responsible Officers (see paragraphs 3.26 and 9.2 of the CHIS Code of Practice) are required to ensure that policies are fit for purpose and that Authorising Officers are competent. An elected member has no need to know the identity of a CHIS nor have access to the product of the use of a CHIS nor know the detail of conduct authorisations. Chief Executives should usually provide elected members

with a copy of OSC inspection reports, redacted if necessary. [Note 259 OSC Procedures and Guidance 2010].

#### **4. Benefits of RIPA authorisations**

- 4.1 The Act states that if authorisation confers entitlement to engage in a certain conduct and the conduct is in accordance with the authorisation, then it will be lawful for all purposes. Consequently, the Act provides a statutory framework under which covert surveillance can be authorised and conducted compatibly with Article 8 of the Human Rights Act 1998 – a person’s right to respect for their private and family life, home and correspondence.
- 4.2 Material obtained through properly authorised covert surveillance is admissible evidence in criminal proceedings.
- 4.3 Section 78 Police and Criminal Evidence Act 1984 allows for the exclusion of evidence if it appears to the court that, having regard to all the circumstances in which the evidence was obtained, the admission of the evidence would have such an adverse affect on the fairness of the proceedings that the court ought not to admit it. Evidence obtained through covert surveillance will not be excluded unless the test of unfairness is met.

#### **5. Definitions**

- 5.1 ‘Covert’ is defined as surveillance carried out in such a manner that is calculated to ensure that the person subject to it is unaware that it is or may be taking place. (s.26 (9)(a) of the Act)
- 5.2 ‘Covert human intelligence source’ (CHIS) is defined as a person who establishes or maintains a relationship with a person for the covert process of obtaining information about that person. (s.26 (8) of the Act)
- 5.3 ‘Directed surveillance’ is defined as covert but not intrusive and undertaken:
- for a specific investigation or operations
  - in such a way that is likely to result in the obtaining of private information about any person
  - other than by way of an immediate response (s.26 (2) of the Act)
- 5.4 ‘Private information’ includes information relating to a person’s private or family life and can embrace aspects of business and professional life.
- 5.5 ‘Intrusive’ surveillance is covert surveillance that is carried out in relation to anything taking place on any residential premises or in any private vehicle and involves the presence of an individual on the premises or in the vehicle or using a surveillance device. **South Derbyshire District Council may not authorise such surveillance.**

- 5.6 'Authorising Officers' will be responsible to ensure their relevant members of staff are suitably trained as 'Applicants' so as to avoid errors in the operation of the process and completion of relevant forms. It is important that relevant Directors, Heads of Service and Authorising Officers take personal responsibility for the efficient and effective operation of this Policy and Guidance document within their respective areas.
- 5.7 Authorising Officers will also ensure that staff who report to them follow this Policy and Guidance document and do not undertake or carry out any form of surveillance without first obtaining the relevant authorisations in compliance with this document.
- 5.8 Authorising Officers must also ensure when sending copies of any forms to the RIPA Co-ordinating Officer, that they are sent in sealed envelopes marked 'RIPA – Private and Confidential'.

## **6. When does the Act apply ?**

- 6.1 Where the directed covert surveillance of an individual or group of individuals, or the use of a CHIS is necessary for the purpose of preventing or detecting crime or of preventing disorder.

### **The Act does:**

- require prior authorisation of directed surveillance
- prohibit the Council from carrying out intrusive surveillance
- require authorisation of the conduct and use of a CHIS
- require safeguards for the conduct and use of CHIS
- permit the Council to acquire communications data in certain circumstances

### **The Act does not:**

- make unlawful conduct which is otherwise lawful
- prejudice or dis-apply any existing powers available to the District Council to obtain information by any means not involving conduct that may be authorised under this Act. For example, it does not affect the District Council's current powers to obtain information via the DVLA or to get information from the Land Registry as to the ownership of a property.

- 6.2 If Authorising Officers or any Applicants are in doubt, s/he should speak to a representative from the Legal Services Section BEFORE authorising, renewing, cancelling or rejecting any directed surveillance, use of a CHIS and/or acquisition of communications data.

## **CCTV**

- 6.3 The normal use of CCTV is not usually covert because members of the public are informed by signs that such equipment is in operation. However, authorisation should be sought where it is intended to use CCTV covertly and in a pre-planned manner as part of the specific investigation

or operation to target a specific individual or group of individuals. Equally a request, say by the police, to track particular individuals via CCTV recordings may require authorisation (from the police).

## **7. Covert Human Intelligence Source (“CHIS”)**

7.1 Put simply, this is undercover officers who do not reveal their true identity or professional witnesses used to obtain information and evidence.

7.2 The Act defines a CHIS under section 26 of the Act as anyone who:

- (a) establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraphs (b) or (c)
- (b) covertly uses such a relationship to obtain information or provide access to any information to another person; or
- (c) covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship

7.3 Any reference to the conduct of a CHIS includes the conduct of a source which falls within (a) to (c) or is incidental to it.

7.4 References to the use of a CHIS are references to inducing, asking or assisting a person to engage in such conduct.

7.5 Section 26(9) of the Act goes on to define:-

- (b) a purpose is covert, in relation to the establishment or maintenance of a personal or other relationship, if, and only if, the relationship is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of that purpose; and
- (c) a relationship is used covertly, and information obtained as mentioned in paragraph 7(c) above and is disclosed covertly, if, and only if it is used or as the case may be, disclosed in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the use or disclosure in question.

Some local authorities may not wish to use CHIS and may in practice avoid authorising CHIS. However, all such local authorities should recognise that the occasion may arise when a CHIS appears unexpectedly and has to be authorised and managed. Consequently all local authorities must be equipped with a policy and the awareness training to recognise status drift and to manage anyone who has become a CHIS. It is the responsibility of the Senior Responsible Officer to ensure competent officers exist for such purposes (see CHIS Code of Practice 9.1). [Note 260 OSC Procedure and Guidance 2010].



## 7.6 Juvenile Sources

7.6.1 Special safeguards apply to the use or conduct of juvenile sources; that is sources under the age of 18 years. On no occasion should the use or conduct of a source under the age of 16 years be authorised to give information against his parents or any person who has parental responsibility of him. The duration of a juvenile CHIS is **one** month. The Regulation of Investigatory Powers (Juveniles) Order 2000 SI No. 2793 contains special provisions which must be adhered to in respect of juvenile sources.

## 7.7 Vulnerable Individuals

7.7.1 A vulnerable individual is a person who is, or may be, in need of community care services by reason of mental or other disability, age or illness and who is, or may be, unable to take care of himself, or unable to protect himself against significant harm or exploitation. Any individual of this description should only be authorised to act as a source in the most exceptional circumstances.

**Only the Chief Executive, or somebody deputising for him in his absence, may authorise the employment of juvenile sources, vulnerable individuals and the obtaining of confidential information.**

## 8. Types of Surveillance

8.1 'Surveillance' includes

- monitoring, observing, listening to persons, watching or following their movements, listening to their conversations and other such activities or communications
- recording anything mentioned above in the course of authorised surveillance
- surveillance, by or with, the assistance of appropriate surveillance device(s)

**Surveillance can be overt or covert**

### 8.2 **Overt Surveillance**

8.2.1 Most of the surveillance carried out by the Council will be done overtly – there will be nothing secretive, clandestine or hidden about it. In many cases, officers will be behaving in the same way as a normal member of the public and/or will be going about Council business openly.

8.2.2 Similarly, surveillance will be overt if the subject has been informed it will be happen (e.g. where a noisemaker is warned (preferably in writing) that noise will be recorded if the noise continues, or where an entertainment licence is issued subject to conditions, and the licensee is told that officers may visit without notice or identifying themselves to the owner/proprietor to check that the conditions are being met.

### 8.3 Covert Surveillance

8.3.1 Covert surveillance is carried out in a manner calculated to ensure that the person subject to the surveillance is unaware of it taking place (*Section 26(9)(a) of the Act*).

8.3.2 The Act regulates two types of covert surveillance, (directed surveillance and intrusive surveillance) and the use of Covert Human Intelligence Sources (CHIS's).

### 8.4 Directed Surveillance

8.4.1 Directed Surveillance is surveillance which: -

- is covert; and
- is not intrusive surveillance (see definition below – the Council must not carry out any intrusive surveillance);
- is not carried out in an immediate response to events which would otherwise make seeking authorisation under the Act unreasonable, e.g. spotting something suspicious and continuing to observe it; and
- it is undertaken for the purpose of a **specific investigation** or operation in a manner **likely to obtain private information** about an individual (whether or not that person is specifically targeted for purposes of an investigation), (*Section 26(10) of the Act*).

Directed surveillance is covert surveillance that is carried out for the purposes of a specific investigation or operation in such a manner as is likely to result in the obtaining of private information about any person, whether or not he is a subject of the action. It includes the activity of monitoring, observing, listening and recording by or with the assistance of surveillance equipment. It need not be subject specific. A search for an identified person in a public place will not amount to directed surveillance, unless it includes covert activity that may elicit private information about that person or any other person. Any processing of data (e.g. taking a photograph to put on record) is an invasion of privacy. [Note 269 OSC Procedures and Guidance 2010]

8.4.2 Private information in relation to a person includes any information relating to his private and family life, his home and his correspondence. The fact that covert surveillance occurs in a public place or on business premises does not mean that it cannot result in the obtaining of private information about a person. Prolonged surveillance targeted on a single person will undoubtedly result in the obtaining of private information about him/her and others that s/he comes into contact, or associates, with.

8.4.3 Similarly, although overt town centre CCTV cameras do not normally require authorisation, if the camera is tasked for a specific purpose, which

involves prolonged surveillance on a particular person, authorisation will be required. The way a person runs his/her business may also reveal information about his or her private life and the private life of others.

**8.4.4 For the avoidance of doubt, only those Officers designated and certified to be 'Authorising Officers' for the purpose of the Act can authorise 'Directed Surveillance' IF, AND ONLY IF, the Act authorisation procedures detailed in this document are followed. If an Officer has not been 'authorised' for the purposes of the Act, s/he can NOT carry out or approve/reject any action set out in this policy and guidance document.**

## **8.5 Directed Surveillance Crime Threshold**

The crime threshold applies only to the authorisation of directed surveillance by the Council under RIPA, not to the authorisation of the Council's use of CHIS or the acquisition of communications data.

The amendments to the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 have the following effect:

- The Council can only authorise use of directed surveillance under RIPA to prevent or detect criminal offences that are either punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months imprisonment or are related to the underage sale of alcohol and tobacco.
- The Council cannot authorise directed surveillance for the purpose of preventing disorder unless this involves a criminal offence(s) punishable (whether on summary conviction or indictment) by a maximum term of at least 6 months imprisonment.
- The Council may therefore continue to authorise the use of directed surveillance in more serious cases as long as the other tests are met, i.e. that it is necessary and proportionate and where approval from a JP has been granted. Examples of cases where the offence being investigated attracts a maximum custodial sentence of 6 months or more could include more serious criminal damage, dangerous waste dumping and serious or serial benefit fraud.
- The Council may also continue to authorise the use of directed surveillance for the purpose of preventing or detecting specified criminal offences relating to the underage sale of alcohol and tobacco where the necessity and proportionality test is met and prior approval from a JP has been granted.
- The Council may not authorise the use of directed surveillance under RIPA to investigate disorder that does not involve criminal offences or to investigate low-level offences which may include, for example, littering, dog control and fly-posting.

## 8.5.1 Impact on Investigations

At the start of an investigation, Officers will need to satisfy themselves that what they are investigating is a criminal offence. Directed surveillance is an invasive technique and at the point it is decided whether or not to authorise its use it must be clear that the threshold is met and that it is necessary and proportionate to use it.

During the course of an investigation the type and seriousness of offences may change. The option of authorising directed surveillance is dependent on the offence under investigation attracting a sentence of a maximum 6 months imprisonment or more or being related to the underage sale of alcohol and tobacco. Providing the offence under investigation is one which appears on the statute book with at least a maximum 6 months term of imprisonment or is related to the specific offences listed in the order concerning the underage sale of alcohol and tobacco an application can be made. However, if during the investigation it becomes clear that the activity being investigated does not amount to a criminal offence or that it would be a less serious offence that does not meet the threshold, the use of directed surveillance should cease. If a directed surveillance authorisation is already in force it should be cancelled.

Directed surveillance will be authorised against a specific offence which meets the threshold, and the type and the timing of the deployment of the surveillance will always reflect this. There may be cases where it is possible, with the same evidence obtained by the same deployment, to substantiate a variety of different charges, some of which fall below the threshold, it will be for the Courts too decide whether to admit, and what weight to attach to, the evidence obtained in the lesser charges.

The Council will no longer be able to use directed surveillance in some cases where it was previously authorised. But this does not mean that it will no be possible to investigate these areas with a view to stopping offending behaviour. The statutory RIPA Code of Practice makes it clear that routine patrols, observation at trouble 'hotspots', immediate response to events and overt use of CCTV are all techniques which do not require RIPA authorisation.

## 8.6 Intrusive Surveillance

### 8.6.1 This is when it:-

- is covert;
- relates to residential premises and private vehicles; and
- involves the presence of a person in the premises or in the vehicle or is carried out by a surveillance device in the premises/vehicle. Surveillance equipment mounted outside the premise will not be intrusive, unless the device consistently provides information of the same quality and detail as might be expected if they were in the premises/vehicle.

8.6.2 **This form of surveillance can be carried out only by Police and other law enforcement agencies. Council Officers must not carry out intrusive surveillance.**

## 8.7 **Proportionality**

8.7.1 Proportionality is a key concept of the Act. If the activities are deemed necessary, the person granting the authorisation must also believe that they are proportionate to what is sought to be achieved by carrying them out. This involves balancing the seriousness of the intrusion into the privacy of the subject of the operation (or any other person who may be affected) against the need for the activity in investigative and operational terms.

8.7.2 The term incorporates four concepts:

- the means should not be excessive in relation to the gravity of the mischief being investigated;
- the least intrusive means of surveillance should be chosen; and
- collateral intrusion involves invasion of third parties privacy and should, so far as is possible, be minimised; and
- the activity must be proportionate to the degree of target on others.

8.7.3 When assessing proportionality, the following four elements of proportionality must be fully considered:

- balancing the size and scope of the operation against the gravity and extent of the perceived mischief,
- explaining how and why the methods to be adopted will cause the least possible intrusion on the targets and others,
- that the activity is an appropriate use of the legislation and the only reasonable way, having considered all others, of obtaining the necessary result, and
- providing evidence of other methods considered and why they were not implemented. [Note 106 OSC Procedures and Guidance 2010]

8.7.4 Extra care should be taken over any publication of the product of the surveillance.

## 9. **Authorisations (See flowchart at Appendix D)**

### 9.1 **Applications for directed surveillance**

All application forms (**see Appendix F**) must be fully completed with the required details to enable the Authorising Officer to make an informed decision. The description of the proposed operation should be full and

detailed, specifying any equipment to be used. The use of maps or sketches to show for example observation posts and target premises should also be considered.

No authorisation shall be granted unless the Authorising Officer is satisfied that the investigation is:

- necessary for one of the reasons listed above
- proportionate to the ultimate objective
- at an appropriate level (i.e. not excessive)

and that no other form of investigation would be appropriate.

Section 32(5) of RIPA requires the Authorising Officers to describe and specify what he is granting. This may or not be the same as requested by the applicant. For the benefit of those operating under the terms of an authorisation, or any person who may subsequently review or inspect an authorisation, it is essential to produce, with clarity, a description of that which is being authorised (i.e. who, what, where, when and how). Authorising Officers should as a matter of routine state explicitly and in his own words what is being authorised, and against which subjects, property or location. Mere reference to the terms of the application is inadequate. [Note 116 OSC Procedures and Guidance 2010].

Authorising Officers must be careful in the use of 'or' and 'and' in order not to restrict what is intended. For example, do not use 'or' when 'and' is meant (e.g. deployment of ...on vehicle A or vehicle B' limits deployment to either vehicle, not both simultaneously or one after the other). [Note 118 OSC Procedures and Guidance 2010].

The Authorising Officer's statement should be completed in handwriting as a personal contemporaneous record of the thinking which justified the authorisation.

Authorising Officers should set out, in his own words, why he is satisfied or why he believes (RIPA) the activity is necessary and proportionate. A bare assertion is insufficient. [Note 107 OSC Procedures and Guidance 2010].

9.1.1 Necessity: Covert surveillance cannot be said to be necessary if the desired information can reasonably be obtained by overt means. It must also be necessary for the purpose of preventing or detecting crime or of preventing disorder.

Authorising Officers must be satisfied that the use of covert surveillance is necessary for one of the purposes specified in s.28(3) of RIPA. In order to be satisfied, the conduct that it is aimed to prevent or detect must be identified and clearly described, particularly if it is questionable whether serious crime criteria are met. Often missed is an explanation of why it is necessary to use the covert techniques requested. [Note 104 OSC Procedures and Guidance 2010].

- 9.1.2 Proportionality: The method of surveillance proposed must not be excessive in relation to the seriousness of the matter under investigation. It must be the method which is the least invasive of the target's privacy.

Proportionality should be carefully explained, not merely asserted, nor is describing parts of the operation itself germane to proportionality.

A potential model answer would make clear that the four elements of proportionality had been fully considered:

1. balancing the size and scope of the operation against the gravity and extent of the perceived mischief;
2. explaining how and why the methods to be adopted will cause the least possible intrusion on the target and others;
3. that the activity is an appropriate use of the legislation and the only reasonable way, having considered all others, of obtaining the necessary result; and
4. providing evidence of other methods considered and why they were not implemented. [Note 106 OSC Procedures and Guidance 2010].

An authorisation should demonstrate how an authorising officer has reached the conclusion that the activity is proportionate to what it seeks to achieve, including an explanation of the reasons why the method, tactic or technique proposed is not disproportionate (the proverbial 'sledgehammer to crack a nut'). Proportionality is not only about balancing the effectiveness of covert methods but of explaining why the particular covert method, technique or tactic is least intrusive. It is insufficient to make a simple assertion or to say that the 'seriousness' of the crime justifies any or every method available. [Note 105 OSC Procedures and Guidance 2010]

- 9.1.3 Collateral intrusion, which affects the privacy rights of innocent members of the public, must be minimised and use of the product of the surveillance carefully controlled so as to respect those rights.

Authorisations should state specifically covert activities or techniques likely to be required. It is recognised that it is not always possible, at the outset of any investigation, to foresee how it will progress. However, it is inappropriate to authorise property interference or covert surveillance techniques where they are not demonstrated to be necessary, or clearly not required, or where they would not be used until the investigation is more mature. Authorising Officers may not authorise more than can be justified at the time and should demonstrate control and a proper understanding of proportionality, which relates to the method to be used, not only the seriousness of the crime or the convenience of those conducting covert surveillance. [Note 130 OSC Procedures and Guidance 2010].

Pressure of work is not to be regarded as rendering it impracticable for Authorising Officers to consider an application. [Note 135 OSC Procedures and Guidance 2010].

Advice should be sought from the Legal Services Section on any issues of concern.

Authorising Officers must also take into account the risk of '**collateral intrusion**' i.e. intrusion on, or interference with, the privacy of persons other than the subject of the investigation. The application must include an assessment of any risk of collateral intrusion for this purpose.

Steps must be taken to avoid unnecessary collateral intrusion and minimise any necessary intrusion.

Those carrying out the investigation must inform Authorising Officers of any unexpected interference with the privacy of individuals who are not covered by the authorisation, as soon as these become apparent.

Where such collateral intrusion is unavoidable, the activities may still be authorised, provided this intrusion is considered proportionate to what is sought to be achieved.

#### 9.1.4 **The use of template entries**

Template forms inevitably lead to, or at least give the appearance of, minimal or no consideration of: (a) the nature and extent of the surveillance proposed and the justification for the use of the devices to be employed; (b) necessity; (c) proportionality; (d) collateral intrusion; and (e) what alternative methods have been considered. Template entries are therefore to be avoided or used with great care. [Note 166 OSC Procedures and Guidance 2010].

#### 9.1.5 **Special consideration in respect of confidential information**

**Particular attention is drawn to areas where the subject of surveillance may reasonably expect a high degree of privacy e.g. where confidential information is involved.**

Confidential information consists of matters subject to legal privilege, communication between a Member of Parliament and another person on constituency matters, confidential personal information or confidential journalistic material.  
(ss 98-100 Police Act 1997)

##### Legal privilege

Generally, this applies to communications between an individual and his/her legal adviser in connection with the giving of legal advice in connection with or in contemplation of legal proceedings. Such information is unlikely ever to be admissible as evidence in criminal proceedings.

If in doubt, the advice of the RIPA Co-ordinating Officer should be sought in respect of any issues in this area.

##### Confidential personal information



This is oral or written information held in (express or implied) confidence, relating to the physical or mental health or spiritual counselling concerning an individual (alive or dead) who can be identified from it. Specific examples provided in the codes of practice are consultations between a health professional and a patient, discussions between a minister of religion and an individual relating to the latter's **spiritual welfare** or matters of **medical or journalistic confidentiality**.

#### Confidential journalistic material

This is material acquired or created for the purposes of journalism and held subject to an undertaking to hold it in confidence.

It should be noted that matters considered to be confidential under the Act may not necessarily be properly regarded as confidential under section 41 Freedom of Information Act.

**Where such information is likely to be acquired, the surveillance may only be authorised by the Chief Executive, or whoever deputises for him in his absence, and should only be authorised where there are exceptional and compelling circumstances that make the authorisation necessary.**

#### 9.1.6 **Notifications to Inspector/Commissioner**

The following situations must be brought to the inspector/commissioner's attention at the next inspection:

- Where an officer has had to authorise surveillance in respect of an investigation in which he/she is directly involved.
- Where a lawyer is the subject of an investigation or operation;
- Where confidential personal information or confidential journalistic information has been acquired and retained.

#### 9.1.7 **Applications for CHIS**

Same as for directed surveillance except that the authorisation must specify the activities and identity of the CHIS and that the authorised conduct is carried out for the purposes of, or in connection with, the investigation or operation so specified.

There are additional requirements in s29(5) of the Act relating to responsibility for dealing with the source and maintenance of records relating to the source.

All application forms (**see Appendix G**) must be fully completed with the required details to enable Authorising Officers to make an informed decision.

There should be a controller, a handler and recorder for a CHIS together with the requirement for a risk assessment if one is to be employed.

The handler will have day to day responsibility for:-

- dealing with the CHIS;
- directing the day to day activities of the CHIS;
- recording the information supplied by the CHIS; and
- monitoring the CHIS's welfare and security

The handler of a CHIS will usually be of a rank or position below that of the Authorising Officer.

The controller will normally be responsible for the management and supervision of the handler and general oversight of the CHIS.

In addition to the requirements of the Act the duties set out in the RIP Source Records Regulations (S.I.2000/2725) must also be observed.

**Any officer considering applying for a CHIS should consult the RIPA Co-ordinating Officer before taking any practical steps.**

## **10. Social Networking Sites and Hotlines**

The use of the internet may be required to gather information prior to and/or during an investigation, and this may amount to directed surveillance. Where there is an intention to use the internet as part of an investigation, consideration must be given as to whether the proposed activity is likely to interfere with a person's Article 8 rights, including the effect of any collateral intrusion. Any activity likely to interfere with an individual's Article 8 rights should only be used when necessary and proportionate to meet the objectives of a specific case. Where it is considered that private information is likely to be obtained, an authorisation must be sought. Where an investigating Officer may need to communicate covertly online, for example, contacting individuals using social media websites, a CHIS authorisation should be considered.

- Officers must not create a false identity in order to 'friend' individuals on social networks.
- Officers viewing an individual's profile on a social network should do so only once in order to obtain evidence to support or refute their investigation.
- Further viewing of open profiles on social networks, to gather evidence or to monitor an individual's status, must only take place once RIPA authorisation has been granted and approved by a JP.
- Officers should be aware that it may not be possible to verify the accuracy of information on social networks and, if such information is to be used as evidence, take reasonable steps to ensure its validity.

Officers should also be aware of the risks of ‘status drift’ whereby a hotline informant, who initially supplies information in a manner not requiring authorisation, has developed inadvertently into a CHIS. In such a case CHIS relationship is formed invoking the procedures set out above.

## **11. Judicial Approval**

In order to authorise the use of directed surveillance, acquisition of communications data and use of a CHIS under RIPA, the Council will need to obtain an Order approving the grant or renewal of an authorisation from a JP before it can take effect. If the JP is satisfied that the statutory tests have been met and that the use of the technique is necessary and proportionate he/she will issue an Order approving the grant or renewal for the use of the technique as described in the application.

Judicial approval is in addition to the existing authorisation process under the relevant parts of RIPA as outlined in the Codes of Practice. The process of assessing necessity and proportionality, completing the RIPA authorisation/application form and seeking approval from an Authorising Officer remains the same.

### **11.1 Procedure for Applying for Judicial Approval**

#### **11.1.1 Making the Application**

The flowchart at **Appendix E** outlines the procedure for applying for judicial approval. The application must be made by the Council. Following approval by the Authorising Officer the first stage of the process is for the local authority to contact Her Majesty’s Courts and Tribunals Service administration team at the Magistrates Court to arrange a hearing.

The Council will need to provide the JP with a copy of the original RIPA authorisation or notice and the supporting documents setting out the case. This forms the basis of the application to the JP and should contain all information that is relied upon. For communications data requests the RIPA authorisation or notice may seek to acquire consequential acquisition of specific subscriber information. The necessity and proportionality of acquiring consequential acquisition will be assessed by the JP as part of his/her consideration.

The original RIPA authorisation or notice should be shown to the JP but will be retained by the Council so that it is available for inspection by the Commissioners’ offices and in the event of any legal challenge or investigation by the Investigatory Powers Tribunal. The Court may wish to take a copy.

In addition, the Council will provide the JP with a partially completed judicial application/order form (**Appendix K**).

Although the Council is required to provide a brief summary of the circumstances of the case on the judicial application form, this is supplementary to and does not replace the need to supply the original RIPA authorisation as well.

The order section of the form will be completed by the JP and will be the official record of the JP's decision. The Council will need to obtain judicial approval for all initial RIPA authorisations/applications and renewals and the Council will need to retain a copy of the judicial application/order form after it has been signed by the JP. There is no requirement for the JP to consider either cancellations or internal reviews.

Legal Services will contact the Magistrates Court to arrange a hearing. On the rare occasions where out of hours access to a JP is required then it will be for Legal Services to make arrangements with Court legal staff.

#### 11.1.2 Attending a Hearing

The hearing is a 'legal proceeding' and Council Officers need to be formally designated to appear, be sworn in and present evidence or provide information as required by the JP.

The hearing will be held in private and heard by a single JP who will read and consider the RIPA authorisation or notice and the judicial application/order form. He/she may have questions to clarify points or require additional reassurance on particular matters.

The investigating Officer will need to answer the JP's questions on the policy and practice of conducting covert operations and detail of the case itself. The investigating Officer will have detailed knowledge of the investigation and will have determined that use of a covert technique is required in order to progress a particular case. This does not, however, remove or reduce in any way the duty of the Authorising Officer to determine whether the tests of necessity and proportionality have been met. Similarly, it does not remove or reduce the need for the forms and supporting papers that the Authorising Officer has considered and which have been provided to the JP to make the case.

A Legal Officer will attend court alongside the investigating Officer.

#### 11.1.3 Decision

The JP will consider whether he/she is satisfied that at the time the authorisation was granted or renewed or the notice was given or renewed, there were reasonable grounds for believing that the authorisation or notice was necessary and proportionate. They will also consider whether there continues to be reasonable grounds. In addition they must be satisfied that that the person who granted the authorisation or gave the notice was an appropriate designated person within the Council and the authorisation was made in accordance with any applicable legal restrictions, for example that the crime threshold for directed surveillance has been met.

The forms and supporting papers must by themselves make the case. It is not sufficient for the local authority to provide oral evidence where this is not reflected or supported in the papers provided. The JP may note on the form any additional information he or she has received during the course of the hearing but information fundamental to the case should not be submitted in this manner.

If further information is required to determine whether the authorisation or notice has met the tests then the JP will refuse the authorisation. If an application is refused the Council should consider whether they can reapply, for example, if there was information to support the application which was available to the Council, but not included in the papers provided at the hearing.

The JP will record his/her decision on the order section of the judicial application/order form. The Magistrates Court will retain a copy of the Council's RIPA authorisation or notice and the judicial application/order form. This information will be retained securely. Magistrates' Courts are not public authorities for the purposes of the Freedom of Information Act 2000.

The Council will need to provide a copy of the order to the communications Single Point of Contact for all communication data requests. Single Points of Contact must not acquire the communication data requested, until the JP has signed the order approving the grant.

#### 11.1.4 Outcomes

Following consideration of the case the JP will complete the order section of the judicial application/order form recording their decision. The JP may decide to:

- Approve the Grant or renewal of an authorisation notice.  
The grant or renewal of the RIPA authorisation or notice will then take effect and the local authority may proceed to use the technique in that particular case.  
In relation to communications data, the Council will be responsible for providing a copy of the Order or the Single Point of Contact.
- Refuse to approve the grant or renewal of an authorisation or notice.  
The RIPA authorisation or notice will not take effect and the Council may not use the technique in that case.  
Where an application has been refused the Council may wish to consider the reasons for refusal. For example, a technical error in the form may be remedied without the local authority going through the internal authorisation process again. The Council may then wish to reapply for judicial approval once those steps have been taken.
- Refuse to approve the grant or renewal and quash the authorisation or notice.

This applies where a Magistrates Court refuses to approve the grant, giving or renewal of an authorisation or notice and decides to quash the original authorisation or notice.

The court must not exercise its power to quash that authorisation or notice unless the applicant has had at least 2 business days from the date of refusal in which to make representations.

#### 11.1.5 Complaints/Judicial Review

There is no complaint route for a judicial decision unless it was made in bad faith. Any complaints should be addressed to the Magistrates Advisory Committee.

The Council may only appeal a JP decision on a point of law by judicial review.

The Investigatory Powers Tribunal will continue to investigate complaints about the use of RIPA techniques by public bodies, including local authorities. If, following a complaint to them, the Tribunal does find fault with a RIPA authorisation or notice it has the power to quash the JP's order which approved the grant or renewal of the authorisation or notice.

## 12. Working With/Through Other Agencies

When some other agency has been instructed on behalf of the Council to undertake any action under the Act, this document must be used (as per normal procedure) and the agency advised or kept informed, as necessary, of the various requirements. They must be made aware explicitly what they are authorised to do.

When some other agency (e.g. Police, Customs & Excise, Inland Revenue, etc.):-

- (a) wish to use the Council's resources (e.g. CCTV surveillance systems), that agency must use its own RIPA procedures and, before any officer agrees to allow the Council's resources to be used for the other agency's purposes, s/he must obtain a copy of that agency's RIPA form for the record (a copy of which must be passed to the RIPA Co-ordinating Officer for the RIPA Central Register) and/or relevant extracts from the same which are sufficient for the purposes of protecting the Council and the use of its resources;
- (b) wish to use the Council's premises for their own RIPA action, the officer should, normally, co-operate with the same, unless there are security or other good operational or managerial reasons as to why the Council's premises should not be used for the agency's activities. Suitable insurance or other appropriate indemnities may be sought, if necessary, from the other agency for the Council's co-operation in the agent's RIPA operation, In such cases, however, the Council's own RIPA forms should not be used as the Council is only 'assisting' not being 'involved' in the RIPA activity of the external agency.

In terms of 2(a), if the Police or other Agency wish to use Council resources for general surveillance, as opposed to specific RIPA operations, an appropriate letter requesting the proposed use, extent of remit, duration, who will be undertaking the general surveillance and the purpose of it must be obtained from the Police or other Agency before any Council resources are made available for the proposed use. Copies of letters should be sent to the RIPA Co-ordinating Officer for retention.

### 13. Duration and Cancellation

- An authorisation for **directed surveillance** shall cease to have effect (if not renewed) 3 months from the date of grant or renewal.
- An authorisation for **CHIS** shall cease to have effect (unless renewed) 12 months from the date of grant or renewal.

**If the proposed operation is expected to be completed quickly, then an early review should take place and Authorising Officers, in accordance with s.45 of the Act, must cancel each authorisation as soon as Authorising Officers decide that the surveillance should be discontinued.**

It is a statutory requirement that authorisations are cancelled as soon as they are no longer required. [Note 138 OSC Procedures and Guidance 2010].

The fact that the operation to which authorisation relates is only expected to last for a short time cannot affect the authorisation period. An early review can take care of issues of continuing necessity and proportionality. [Note 119 OSC Procedures and Guidance 2010].

Documentation of any instruction to cease surveillance should be retained and kept with the cancellation form.

When cancelling an authorisation, Authorising Officers should:

1. Record the time and date (if at all) that surveillance took place and the order to cease the activity was made.
2. The reason for cancellation.
3. Ensure that surveillance equipment has been removed and returned.
4. Provide directions for the management of the product.
5. Ensure that detail of property interfered with, or persons subjected to surveillance, since the last review or renewal is properly recorded.
6. Record the value of the surveillance or interference (i.e. whether the objectives as set in the authorisation were met). [Note 141 OSC Procedures and Guidance 2010].

A Surveillance Commissioner and Authorising Officers can only authorise on the basis of what they have been told. Issues of disclosure should not inhibit the proper construction of applications and authorisations but can

be dealt with at the appropriate time using existing procedures. Where necessary, authorisations should cross-refer to the intelligence report. [Note 144 OSC Procedures and Guidance 2010].

To comply with *R V Sutherland* Authorising Officers should clearly set out what activity and surveillance equipment is authorised in order that those conducting the surveillance are clear on what has been sanctioned. [Note 145 OSC Procedures and Guidance 2010].

## 14. Reviews

Authorising Officers should review all authorisations at intervals determined by him/herself. This should be as often as necessary and practicable. **The reviews should be recorded.** If it is anticipated that the surveillance period will be short, an early review should be carried out and the authorisation subsequently cancelled.

If the directed surveillance authorisation provides for the surveillance of unidentified individuals whose identity is later established, the terms of the authorisation should be refined at review to include the identity of these individuals. It would be appropriate to call a review specifically for this purpose.

Reviews and renewals should not broaden the scope of the investigation but can reduce its terms. Where other subjects may unexpectedly come under surveillance, authorisations can anticipate it by using words such as 'suspected of', 'believed to be' or 'this authority is intended to include conversations between any and all of the subjects of this investigation, including those whose identities are not yet known'. [Note 125 OSC Procedures and Guidance 2010].

Particular attention should be paid to the possibility of obtaining confidential information.

## 15. Renewals

Authorising Officers may renew an existing authorisation on the same terms as the original at any time before the original ceases to have effect.

A CHIS authorisation must be thoroughly reviewed before it is renewed.

## 16. Central Register of Authorisations

16.1 All authorities must maintain the following documents:

- Copy of the application and a copy of the authorisation together with any supplementary documentation and notification of the approval given by Authorising Officers;
- A record of the period over which the surveillance has taken place;



- The frequency of reviews prescribed by Authorising Officers;
- A record of the result of each review of the authorisation;
- A copy of any renewal of an authorisation and supporting documentation submitted when the renewal was requested;
- The date and time when any instruction to cease surveillance was given;
- The date and time when any other instruction was given by Authorising Officers.

16.2 To comply with paragraph 16.1 above, the RIPA Co-ordinating Officer holds the central register of all authorisations issued by officers of South Derbyshire District Council. A copy of every authorisation, renewal and cancellation issued should be lodged within 2 working days with the RIPA Co-ordinating Officer in an envelope marked 'Private and Confidential'.

16.3 The Council must also maintain a centrally retrievable record of the following information:

- type of authorisation
- date the authorisation was given
- name and rank/grade of the Authorising Officer
- unique reference number of the investigation/operation
- title (including brief description and names of the subjects) of the investigation/operation;
- whether urgency provisions were used, & if so why
- details of renewal
- whether the investigation/operation is likely to result in obtaining confidential information
- whether the authorisation was granted by an individual directly involved in the investigation
- date of cancellation

These records will be retained for at least 3 years and will be available for inspection by the OSC.

## 17. **Retention of records**

The Authority must ensure that arrangements are in place for the secure handling, storage and destruction of materials obtained through the use of directed surveillance. The Authorising Officers, through their relevant Data Controller, must ensure compliance with the appropriate data protection requirements under the Data Protection Act 1998 and any relevant codes of practice relating to the handling and storage of material.

The Central Register of Authorisations will be kept securely in a locked cabinet in the Legal Services Section.

**18. Complaints procedure**

- 18.1 The Council will maintain the standards set out in this guidance and the Codes of Practice (**See Appendices A and B**). The Chief Surveillance Commissioner has responsibility for monitoring and reviewing the way the Council exercises the powers and duties conferred by the Act.
- 18.2 Contravention of the Data Protection Act 1998 may be reported to the Information Commissioner. Before making such a reference, a complaint concerning a breach of this Policy and Guidance document should be made using the Council's own internal complaints procedure. To request a complaints form, please contact the Complaints Officer, South Derbyshire District Council, Civic Offices, Civic Way, Swadlincote, Derbyshire, DE11 0AH or telephone 01283 595784.

# REGULATION OF INVESTIGATORY POWERS ACT 2000

## GUIDANCE – PART II

### ACQUISITION AND DISCLOSURE OF COMMUNICATIONS DATA

#### Introduction

With effect from 5 January 2004, and in accordance with Chapter I of Part I of Regulation of Investigatory Powers Act ('the Act'), local authorities can authorise the acquisition and disclosure of 'communications data' provided that the acquisition of such data is necessary for the purpose of **preventing or detecting crime or preventing disorder**; and proportionate to what is sought to be achieved by acquiring such data

Following implementation of sections 37 and 38 of the Protection of Freedoms Act 2012, from 1<sup>st</sup> November 2012 the acquisition of communications data will be subject to obtaining an Order approving the authorisation or notice from a JP. (Please revert to the 'Judicial Approval' section of this document at page 18)

There is a Code of Practice (**Appendix H**) ('the Code')

**NOTHING IN THIS CODE PERMITS THE INTERCEPTION OF THE CONTENT OF ANY COMMUNICATION.**

The procedure is similar to that of authorisation for directed surveillance and CHIS but has extra provisions and processes.

The purpose and effect of the procedure is the same i.e. to ensure proper consideration is given to permitting such investigations and to provide protection against a human rights challenge.

The Authorising Officer is called a 'designated person'.

#### **1. What is 'Communications data'?**

Communications data is information relating to the use of a communications service e.g. postal service or telecommunications system. It is defined by Section 21(4) of the Act and falls into three main categories: -

Traffic data - where a communication was made from, to whom and when

Service data – use made of service e.g. Itemised telephone records

Subscriber data – information held or obtained by operator on person they provide a service to.

Local authorities are restricted to subscriber and service use data and only for the purpose of preventing or detecting crime or preventing disorder.

## 2. Designated person

A Designated Person must be at least the level of Unit Manager.

## 3. Application forms

All applications must be made on a standard form (**Appendix I**) and submitted to the single point of contact (“SPOC”). The SPOC will ensure that the application meets the required criteria and then pass to the Designated Person.

## 4. Authorisations

Authorisations can only authorise conduct to which Chapter II of Part I of the Act applies.

In order to comply with the Code, a Designated Person can only authorise the obtaining and disclosure of communications data if:

- (i) it is **necessary** for any of the purposes set out in Section 22(2) of the Act. (NB South Derbyshire District Council can only authorise for the purpose set out in Section 22 (2) (b) which is the purpose of preventing or detecting crime or preventing disorder); and
- (ii) it is **proportionate** to what is sought to be achieved by the acquisition of such data (in accordance with Section 22(5) of the Act)

Consideration must also be given to the possibility of **collateral intrusion** and whether any **urgent** timescale is justified.

Once a Designated Person has decided to grant an authorisation or a notice given there are two methods: -

- (1) By authorisation of some person in the same relevant public authority as the designated person, whereby the relevant public authority collects the data itself (Section 22(3) of the Act). This may be appropriate in the following circumstances:
  - The postal or telecommunications operator is not capable of collecting or retrieving the communications data.
  - It is believed the investigation may be prejudiced if the postal or telecommunications operator is asked to collect the data itself;
  - There is a prior agreement in place between the relevant public authority and the postal or telecommunications operator as to the appropriate mechanisms for the disclosure of communications data.

- (2) By notice to the holder of the data to be acquired (Section 22(4) of the Act) which requires the operator to collect or retrieve the data. Disclosure may only be required to either the Designated Person or the single point of contact.

Service provider must comply with the notice if it is reasonably practicable to do so (s.22 (6)-(8) of the Act) and can be enforced to do so by civil proceedings.

The postal or telecommunications service can charge for providing this information.

There are standard forms (**Appendix I**) for authorisations and notice.

## **5. Oral authority**

South Derbyshire District Council is not permitted to apply or approve orally.

## **6. Single point of contact (“SPOC”)**

Notices and authorisations should be passed through a single point of contact within the Council. This should make the system operate more efficiently as the SPOC will deal with the postal or telecommunications operator on a regular basis and also be in a position to advise a designated person on the appropriateness of an authorisation or notice.

SPOCs should be in position to:

- Where appropriate, assess whether access to communications data is reasonably practical for the postal or telecommunications operator;
- Advise applicants and Designated Person on whether communications data falls under section 21(4)(a), (b) or (c) of the Act;
- Provide safeguards for authentication;
- Assess any cost and resource implications to both the public authority and the postal or telecommunications operator.

A SPOC must be accredited which involves undertaking appropriate training.

## **7. Duration**

Authorisations and notices are only valid for one month beginning with the date on which the authorisation is granted or the notice given. A shorter period should be specified if possible.

## **8. Renewal and cancellation**

An authorisation or notice may be renewed at any time during the month it is valid using the same procedure as used in the original application. A renewal takes effect on the date which the authorisation or notice it is renewing expires.

The code requires that all authorisations and notices should be cancelled by the Designated Person who issued it as soon as it is no longer necessary, or the conduct is no longer proportionate to what is sought to be achieved. The relevant postal or telecommunications operator should be informed of the cancellation of a notice.

## **9. Retention of records**

Applications, authorisations and notices must be retained until the Council has been audited by the Commissioner (see paragraph 10).

Applications must also be retained to allow the Tribunal (see paragraph 10 below) to carry out its functions.

A record must be kept of:-

- the dates on which the authorisation or notice is started or cancelled.
- any errors that have occurred in the granting of authorisations or giving of notices.

A report and explanation of any errors must also be sent to the Commissioner as soon as is practicable.

Communications data, and all copies, extracts and summaries of it, must be handled and stored securely and the requirements of the Data Protection Act 1998 must be observed.

*The RIPA Co-ordinating Officer will maintain a centrally retrievable register.*

## **10. Oversight and Complaints**

The Act provides for an Interception of Communications Commissioner whose remit is to provide independent oversight of the use of the powers contained in Part I and the Code requires any person who uses the powers conferred by Part II to comply with any request made by the Commissioner to provide any information he requires to enable him to discharge his functions.

The Act also establishes an independent Tribunal to investigate and decide any case within its jurisdiction. Details of the relevant complaints procedure should be available for reference at South Derbyshire District Council's public offices.

[Page 94 of 108](#)

# **APPENDIX A**

## **Code of Practice**

### **Covert Surveillance**

**See Home Office website:**

<http://tna.europarchive.org/20100419081706/http://security.homeoffice.gov.uk/ripa/publication-search/general-publications/ripa-cop/covert-surveil-prop-inter-COP>

# **APPENDIX B**

## **Code of Practice**

### **Covert Human Intelligence Sources (CHIS)**

**See Home Office website:**

<http://tna.europarchive.org/20100419081706/http://security.homeoffice.gov.uk/ripa/publication-search/general-publications/ripa-cop/covert-human-intel-source-COP>



# APPENDIX C

## Office of Surveillance Commissioners

### Procedures & Guidance 2010

*Please note:*

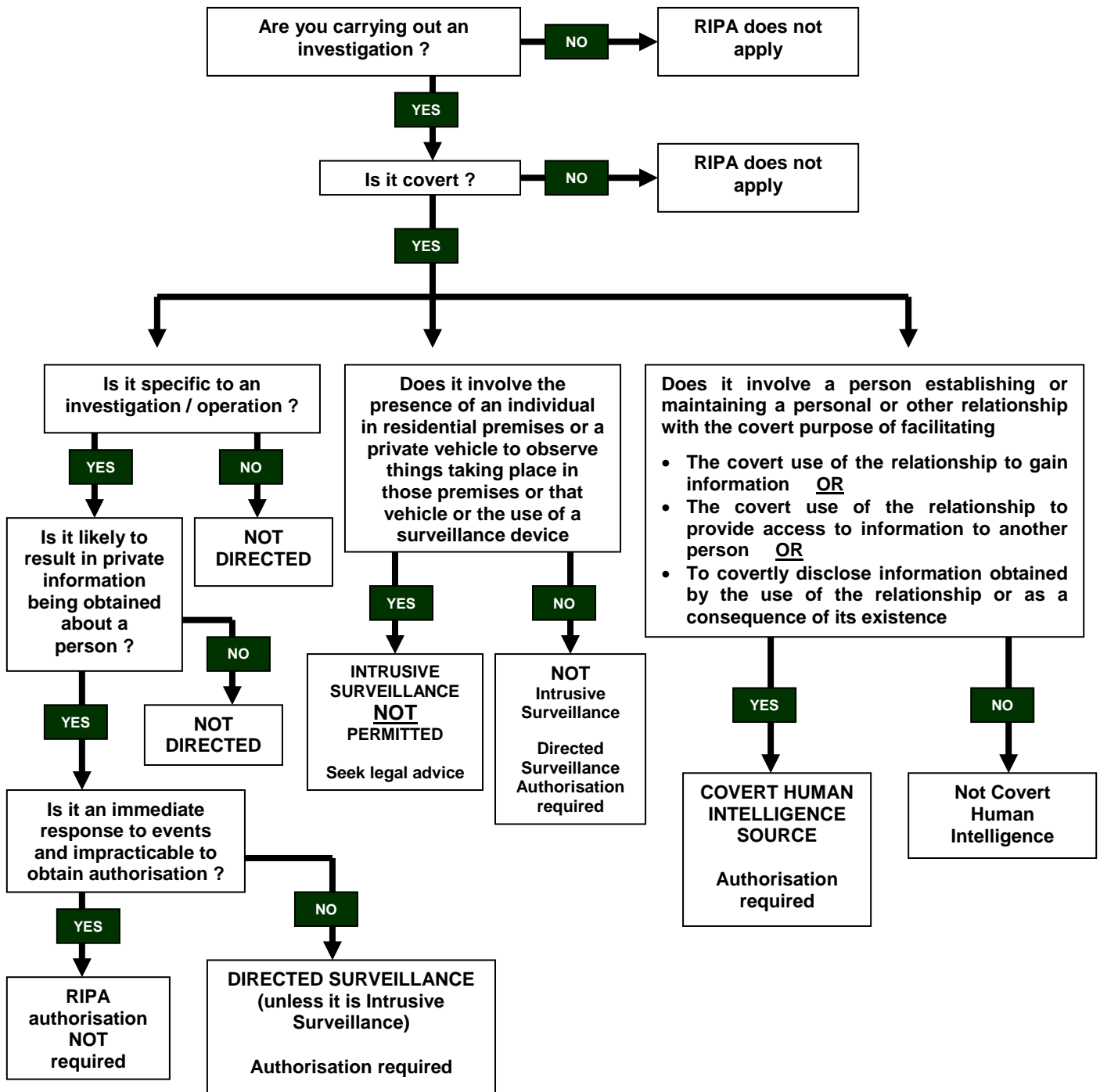
*As there is no link to this document on the Office of Surveillance Commissioners' website, it has been placed (as a PDF document – 'Appendix C') with the Council's RIPA Policy and Guidance Notes on the intranet*

# APPENDIX D

## DIRECTED SURVEILLANCE

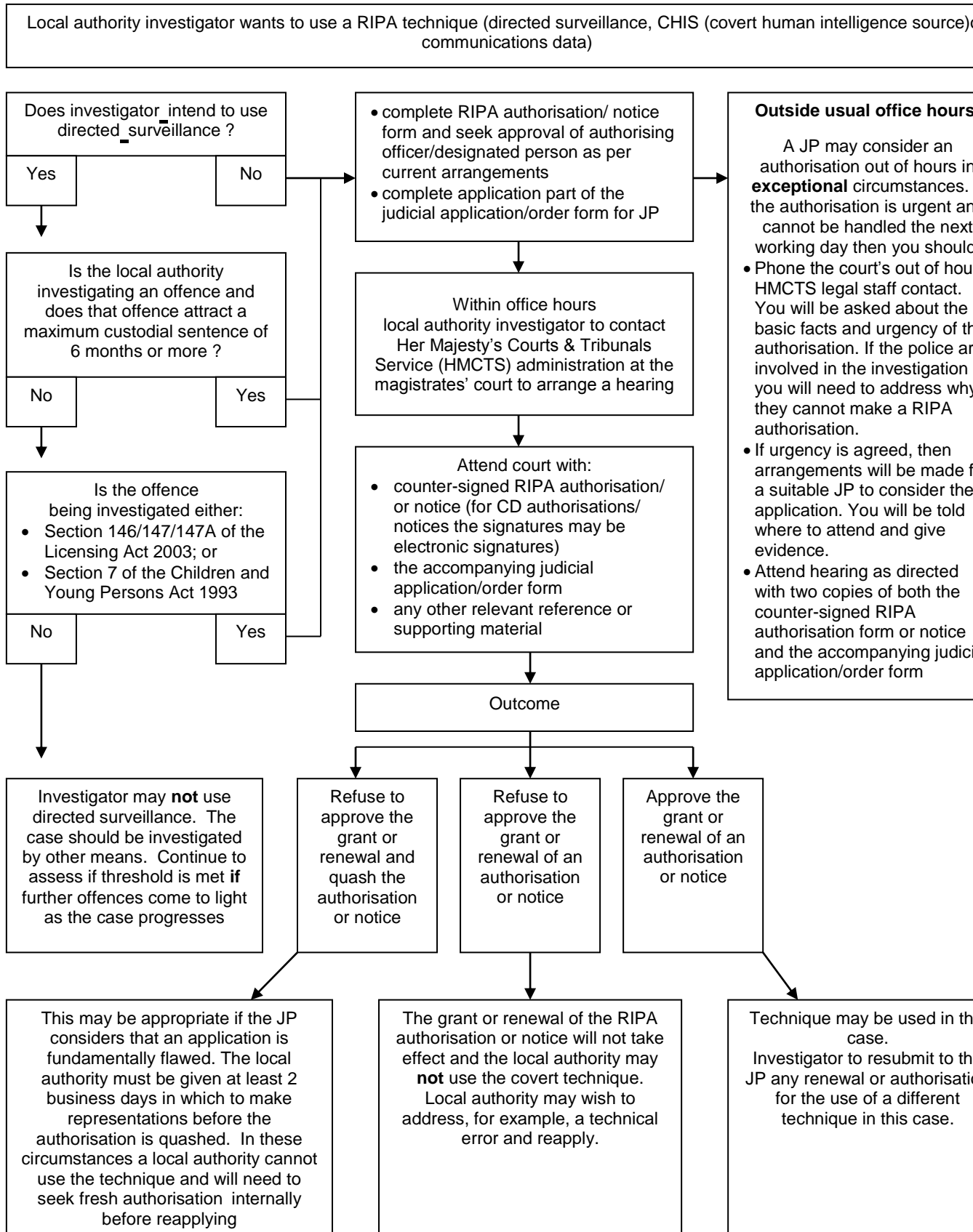
### Regulation of Investigatory Powers Act 2000

#### Do you need Authorisation ?



**APPENDIX E**

**LOCAL AUTHORITY PROCEDURE: APPLICATION TO A JUSTICE OF THE PEACE SEEKING AN ORDER TO APPROVE THE GRANT OF A RIPA AUTHORISATION OR NOTICE**



# APPENDIX F

## Forms

### Directed Surveillance

#### APPLICATION

<http://tna.europarchive.org/20100419081706/http://security.homeoffice.gov.uk/ripa/publication-search/ripa-forms/application-directed-surveillance?view=Standard&pubID=690596>

#### REVIEW

<http://tna.europarchive.org/20100419081706/http://security.homeoffice.gov.uk/ripa/publication-search/ripa-forms/review-directed-surveillance?view=Standard&pubID=690602>

#### CANCELLATION

***Please note:***

***As the Home Office website does not contain the latest version of the cancellation form, this is attached separately to this document at Appendix J***

***(Please ensure you remove the words 'APPENDIX J' before printing this form)***

#### RENEWAL

<http://tna.europarchive.org/20100419081706/http://security.homeoffice.gov.uk/ripa/publication-search/ripa-forms/renewal-directed-surveillance?view=Standard&pubID=690600>

# APPENDIX G

## Forms

### Covert Human Intelligence Sources (CHIS)

#### APPLICATION

[www.security.homeoffice.gov.uk/ripa/publication-search/ripa-forms/chis-application?view=Standard&pubID=447389](http://www.security.homeoffice.gov.uk/ripa/publication-search/ripa-forms/chis-application?view=Standard&pubID=447389)

#### REVIEW

[www.security.homeoffice.gov.uk/ripa/publication-search/ripa-forms/chis-review?view=Standard&pubID=447372](http://www.security.homeoffice.gov.uk/ripa/publication-search/ripa-forms/chis-review?view=Standard&pubID=447372)

#### CANCELLATION

[www.security.homeoffice.gov.uk/ripa/publication-search/ripa-forms/chis-cancellation?view=Standard&pubID=447391](http://www.security.homeoffice.gov.uk/ripa/publication-search/ripa-forms/chis-cancellation?view=Standard&pubID=447391)

#### RENEWAL

[www.security.homeoffice.gov.uk/ripa/publication-search/ripa-forms/chis-renewal?view=Standard&pubID=447370](http://www.security.homeoffice.gov.uk/ripa/publication-search/ripa-forms/chis-renewal?view=Standard&pubID=447370)

# **APPENDIX H**

## **Code of Practice**

### **Acquisition and Disclosure of Communications data**

**See Home Office website:**

<http://tna.europarchive.org/20100419081706/http://security.homeoffice.gov.uk/ripa/publication-search/general-publications/ripa-cop/acquisition-disclosure-cop>

# APPENDIX I

## Forms – Part I

### Communications data

#### APPLICATION

<http://www.security.homeoffice.gov.uk/ripa/publication-search/ripa-forms/communications-data.doc?view=Standard&pubID=446995>

#### NOTICE TO COMMUNICATION SERVICE PROVIDER

[www.security.homeoffice.gov.uk/ripa/publication-search/ripa-forms/ripa-section-22-notice-update?view=Standard&pubID=590984](http://www.security.homeoffice.gov.uk/ripa/publication-search/ripa-forms/ripa-section-22-notice-update?view=Standard&pubID=590984)

# APPENDIX J

Unique Reference Number	
-------------------------	--

## Part II of the Regulation of Investigatory Powers Act 2000

### Cancellation of a Directed Surveillance authorisation

<b>Public Authority</b> <i>(including full address)</i>	
--	--

<b>Name of Applicant</b>		<b>Unit/Branch /Division</b>	
<b>Full Address</b>			
<b>Contact Details</b>			
<b>Investigation/Operation Name (if applicable)</b>			

**Details of cancellation:**

<b>1. Explain the reason(s) for the cancellation of the authorisation:</b>



<b>Unique Reference Number</b>	
--------------------------------	--

**2. Explain the value of the directed surveillance in the operation:**

**3. What product has been obtained as a result of the surveillance activity?** (You should list here the dates and times of the activity; the nature of the product (i.e., what it shows) and its format (e.g., visual recordings; stills images); associated log/reference numbers; where the product is to be held; and the name of the officer responsible for its future management.) *nb – if you have already provided these details in earlier reviews, a cross-reference here should suffice.*

Dates/times	Product obtained	Format & reference numbers	Storage location	Officer responsible

<b>Name (Print)</b> .....	<b>Grade</b> .....
<b>Signature</b> .....	<b>Date</b> .....

**4. Authorising Officer's comments on product obtained.** (Paragraph 2.18 of the Covert Surveillance Code of Practice states that arrangements must be in place for the handling, storage and destruction of material obtained through the use of covert surveillance. Authorising Officers must ensure compliance with the appropriate data protection requirements and any relevant codes of practice produced by individual authorities relating to the handling and storage of material. **You should record here how you intend this to be achieved.**)

<b>Unique Reference Number</b>	
--------------------------------	--

**5. Authorising Officer's comments on the outcome of this use of directed surveillance and formal cancellation instructions.**

--

<b>Name (Print)</b> .....	<b>Grade</b> .....
<b>Signature</b> .....	<b>Date and Time</b> .....

**6. Time and Date when the Authorising Officer instructed the surveillance to cease (*if done verbally prior to this formal written cancellation*).**

<b>Date:</b>		<b>Time:</b>	
--------------	--	--------------	--

# APPENDIX K

**Application for judicial approval for authorisation to obtain or disclose communications data, to use a covert human intelligence source or to conduct directed surveillance. Regulation of Investigatory Powers Act 2000, sections 23A, 23B, 32A, 32B.**

Local authority: .....

Local authority department: .....

Offence under investigation: .....

Address of premises or identity of subject: .....

.....

.....

Covert technique requested: (tick one and specify details)

- Communications Data**
- Covert Human Intelligence Source**
- Directed Surveillance**

Summary of details

.....

.....

.....

.....

.....

.....

**Note:**

This application should be read in conjunction with the attached RIPA authorisation/RIPA application or notice.

Investigating Officer: .....

Authorising Officer/Designated Person: .....

Officer(s) appearing before JP: .....

Address of applicant department: .....

.....

Contact telephone number: .....

Contact email address (optional): .....

Local authority reference: .....

Number of pages: .....

**Order made on an application for judicial approval for authorisation to obtain or disclose communications data, to use a covert human intelligence source or to conduct directed surveillance. Regulation of Investigatory Powers Act 2000, sections 23A, 23B, 32A, 32B.**

Magistrates' court: .....

Having considered the application, I (tick one):

- am satisfied that there are reasonable grounds for believing that the requirements of the Act were satisfied and remain satisfied, and that the relevant conditions are satisfied and I therefore approve the grant or renewal of the authorisation/notice.
- refuse to approve the grant or renewal of the authorisation/notice.
- refuse to approve the grant or renewal and quash the authorisation/notice.

Notes

.....  
.....  
.....  
.....  
.....

Reasons

.....  
.....  
.....  
.....  
.....  
.....

Signed:

Date:

Time:

Full Name:

Address of magistrates' court: