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Our Ref
Your Ref

Date: 08 March 2023

Dear Councillor,

Finance and Management Committee

A Meeting of the **Finance and Management Committee** will be held at **Council Chamber**, Civic Offices, Civic Way, Swadlincote, DE11 0AH on **Thursday, 16 March 2023 at 18:00**. You are requested to attend.

Yours faithfully,

Chief Executive

To:- **Labour Group**

Councillor Pearson (Chair), Councillor Rhind (Vice-Chair) and
Councillors Richards, Southerd, Taylor and Tilley.

Conservative Group

Councillors Dawson, Fitzpatrick, Ford, Lemmon, Smith and Watson

Non-Grouped

Councillor Churchill



AGENDA

Open to Public and Press

- | | | |
|-----------|---|------------------|
| 1 | Apologies and to note any Substitutes appointed for the Meeting. | |
| 2 | To receive the Open Minutes of the following Audit Sub-Committee Meetings: | |
| | 16 March 2022 | 4 - 7 |
| | 22 June 2022 | 8 - 12 |
| | 07 September 2022 | 13 - 15 |
| | 07 December 2022 | 16 - 20 |
| 3 | To note any declarations of interest arising from any items on the Agenda | |
| 4 | To receive any questions by members of the public pursuant to Council Procedure Rule No.10. | |
| 5 | To receive any questions by Members of the Council pursuant to Council procedure Rule No. 11. | |
| 6 | Reports of Overview and Scrutiny Committee | |
| 7 | CORPORATE PLAN 2020-24 - PERFORMANCE REPORT (2022-2023 QUARTER 3– (1 APRIL TO 31 DECEMBER) | 21 - 68 |
| 8 | REVENUE FINANCIAL MONITORING 2022-23 | 69 - 90 |
| 9 | HOUSING REVENUE ACCOUNT REVENUE FINANCIAL MONITORING 2022-23 | 91 - 99 |
| 10 | COLLECTION FUND 2022-23 | 100 - 108 |

11	CAPITAL FINANCIAL MONITORING 2022-23	109 - 122
12	TREASURY MANAGEMENT UPDATE 2022-23	123 - 139
13	CONCURRENT FUNCTIONS - UNSPENT ALLOCATIONS	140 - 146
14	COMMITTEE WORK PROGRAMME	147 - 153

Exclusion of the Public and Press:

- 15** The Chairman may therefore move:-
That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.
- 16** To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 17** SUNDRY DEBTOR WRITE OFFS
- 18** ROSLISTON FORESTRY CENTRE UPDATE
- 19** LEISURE MANAGEMENT CONTRACT PROCUREMENT
- 20** LONG TERM LEASE TO ROSLISTON, SEALES AND LINTON SCOUT GROUP
- 21** COMMUNITIES TEAM SERVICE ASSISTANT
- 22** REVIEW OF OPERATIONAL SERVICES STRUCTURE
- 23** MECHANIC SALARY AND FLEET MAINTENANCE
- 24** SERVICE LEVEL AGREEMENT RELATING TO CONSERVATION ADVICE

AUDIT SUB-COMMITTEE

16th March 2022

PRESENT:-

Labour Group

Councillor Dunn (Chair) and Councillor Shepherd (Vice Chair).

Conservative Group

Councillor Atkin

AS/38 **APOLOGIES**

The Sub-Committee was informed that apologies had been received from Councillor Angliss.

AS/39 **TO RECEIVE THE OPEN MINUTES**

The Open Minutes for Sub-Committee Meetings held on 28th June 2021, 8th September 2021 and 8th December 2021 were taken as read, approved, and signed by the Chair.

AS/40 **DECLARATIONS OF INTEREST**

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

AS/41 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

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

AS/42 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

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

MATTERS DELEGATED**AS/43 INTERNAL AUDIT PROGRESS REPORT**

The Audit Manager presented the report informing the Sub-Committee of the position of the Audit Plan, what had been completed since December 2021 and the audits that had been carried out and those to be completed. It was noted that there was nothing of concern in the report and the responses which had passed the due date had been raised with Senior Management.

The Strategic Director (Corporate Resources) addressed the Sub-Committee and advised that the PCI works had been delayed due to a resource issue due to dealing with test and trace payments, grants and other issues.

Members raised queries regarding Members expenses and allowance in relation to the fuel crisis and if recommendations were escalated if they went passed the due date.

The Strategic Director (Corporate Resources) confirmed that rates of pay were national rates and were not likely to be increased, and that the escalation of recommendations that had passed the given due dates would need to be reassessed with an improvement to the narrative that included an update on the progress.

The Auditor Manager suggested that old recommendations be removed if appropriate with some narrative from management.

RESOLVED:

That the report of the Audit Manager was considered, and any issues identified are subject to a follow-up report as appropriate.

AS/44 INTERNAL AUDIT PLAN 2022-23 AND AUDIT CHARTER

The Audit Manager presented the report to the Sub-Committee which sets out the coverage for the year starting in April 2022. It was noted that an overall risk assessment had been carried out however there was not capacity to review each item every year but high risk items were covered more frequently. The Sub-Committee was informed that the proposal could be amended to address changes in risks and that any changes would be brought to Sub-Committees' attention when they occur.

RESOLVED:

That the proposed Internal Audit Plan for 2022/23 was considered and approved for implementation, subject to any changes agreed by the Committee

AS/45 **EXTERNAL AUDIT FEE 2019/20**

The Strategic Director (Corporate Resources) presented the report to the Sub-Committee and confirmed that following a fee variation request by Ernst and Young the governing body for auditors, the PSSA, reviewed the request and made a judgement that the Council should pay an additional £18,000. It was noted that the government would provide additional resources to local authorities with our allocation being £19,000 which would cover the additional fees.

The Strategic Director (Corporate Resources) informed the Sub-Committee that the auditing of the accounts for 2020/21 had not been completed and that the balance sheet may change but would not affect the level of reserves.

RESOLVED:

That the final external audit fee for 2019/20, as directed by the Public Sector Auditor Appointments, of £56,052 is paid to Ernst and Young LLP.

AS/46 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented the Committee Work Programme to Members.

RESOLVED:-

The Committee considered and approved the updated work programme.

AS/47 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

RESOLVED:-

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

AS/48 **EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

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

The Meeting terminated at 17:00 Hours

COUNCILLOR DUNN

CHAIR

AUDIT SUB-COMMITTEE

22 June 2022

PRESENT:-

Labour Group

Councillor Dunn (Chair) and Councillor Shepherd (Vice-Chair).

Conservative Group

Councillor Atkin and Bridgen

Non-Grouped

Councillor Wheelton

AS/01 **APOLOGIES**

The Sub-Committee was informed that no apologies had been received.

AS/02 **DECLARATIONS OF INTEREST**

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

AS/03 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

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

AS/04 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

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

MATTERS DELEGATED

AS/05 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Auditor presented the report and outlined standard progress the audit dashboard, the progress with field work and the audit plan. The Internal Auditor highlighted recommendations that had revised target dates and recommendations overdue by 12 months.

Members raised queries regarding the revenue system and leisure centres.

The Strategic Director (Corporate Resources) confirmed that there were 2 low risk recommendations accepted in relation to the revenue system and the Head of Customer Services clarified that one issue was the updating of schedules for valuations and secondly the team had carried out additional work generated by the government such as issuing Business Grants Schemes. It was also noted that a third risk accepted related to a paper based exercise that was carried out a senior officer level and audit had recommended a higher level officer check but the Council felt that this was not necessary.

The Strategic Director (Service Delivery) informed the Sub-Committee that the Leisure services update had been sent through and confirmed that the recommendations formed part of a new matrix that would be monitored monthly by the new Head of Service.

The Chair of the Sub-Committee raised a query regarding the skills matrix. The Head of Legal and Democratic Services confirmed that it related to when Group Leaders appointed Members to Committees.

Councillor Wheelton requested an update on the position of the Housing Orchard System.

The Head of Housing informed the Sub-Committee that there had been a lot of operational changes and that the repair system would be subject to an additional software update in the future. The Head of Business Change and ICT added that the supplier had issues with testing the site which had delayed the customer portal but would be available in the near future.

Councillor Shepherd noted concerns in relation to Infinity Garden Village

RESOLVED:

The Sub-Committee considered the report of the Audit Manager as per Appendix 1 to the report, and any issues identified be subject to a follow-up report as appropriate.

AS/06 **INTERNAL AUDIT ANNUAL REPORT 2021-22**

The Internal Auditor presented the report to the Sub-Committee and summarised the audit findings and opinions in relation to the previous 12 month period.

The Internal Auditor highlighted the systems of control in place in relation to the interactions between Management and Audit Sub- Committee and noted that the two budget overspends were housing repairs and land charges which were both being monitored accordingly.

Councillor Wheelton sought clarification regarding the governance of finance and the responsibility for setting all Budgets.

The Head of Legal and Democratic Services informed the Sub-Committee that Financial responsibility was governed via the Finance and Management Committee that makes recommendations to Full Council for approval and assured Members that all papers would be included for Full Council in the future. The Strategic Director (Corporate Resources) confirmed that Full Council did approve the overall Budget which was in line with the Constitution and best practice.

RESOLVED:

The Sub-Committee considered and noted the Annual Internal Audit Opinion for 2021/22 as per Appendix 1 to the report.

AS/07 **LOCAL CODE OF CORPORATE GOVERNANCE**

The Head of Legal and Democratic Services presented the six monthly report regarding the governance framework and sought approval of the recommendations within the report.

Members raised queries regarding standards and the responsibility for parish councils' code of conduct.

The Head of Legal and Democratic Services confirmed that Standard Hearings were called when necessary and that South Derbyshire District Council did have not responsibility for the parish councils' code of conduct but as Monitoring Officer, would deal with complaints regarding individual parish councillors.

Councillor Atkin requested an update on the new Members' Code of Conduct. The Head of Legal and Democratic Services clarified that the implementation date was 2023 and that a draft document and additional guidance had been shared with Members and that comments received had informed the report.

RESOLVED:

1.1 The Sub-Committee approved the updated Local Code of Corporate Governance as detailed in Appendix 1 to the report.

1.2 The Sub-Committee approved progress regarding on-going work to maintain sound governance as detailed in the report.

AS/08 **DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22**

The Head of Legal and Democratic Services presented the report and sought approval for the draft document that would be filed with the Statement of Accounts.

Councillor Wheelton commended the report and suggested that it was shared with all Members.

RESOLVED:

The Sub-Committee approved the Draft Annual Governance Statement for 2021/22 as per Appendix 1 of the report.

AS/09 **2022-2023 ANTI FRAUD & CORRUPTION PLAN & COUNTER FRAUD PARTERSHIP PERFORMANCE UPDATE**

The Head of Customer Services presented the report in relation to partnership working with Derby City Council and noted that the costs and savings for South Derbyshire District Council in the previous year. The Head of Customer Services highlighted the successes and training undertaken during 2021-22.

Members raised queries regarding the contribution of the Council and payment of staff training.

The Head of Customer Services confirmed that the Council contribution did not subsidise the running of the service and that training costs were covered by the partnership.

RESOLVED:

1.1 The Committee noted the performance of the Counter Fraud Partnership with Derby City Council, as per Appendix 1 to the report and the cashable and value for money savings that had been delivered in 2021-2022.

1.2 The Committee approved that the Counter Fraud Partnership be continued for 2022-2023 and approved the Council's proposed Anti-Fraud and Corruption Action Plan as detailed in Appendix 2 of the report, that directs the work of the partnership.

AS/10 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented the Committee Work Programme to Members.

The Chair raised concern regarding the delay of the External Auditor's Report and finalisation of accounts and Members requested that the External Auditor be invited to attend the next Audit Sub-Committee meeting.

RESOLVED:

The Committee considered and approved the updated work programme.

AS/11 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

RESOLVED:-

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

AS/12 **EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

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

The Meeting terminated at 17:18 hours.

COUNCILLOR P DUNN

CHAIR

AUDIT SUB-COMMITTEE

7 September 2022

PRESENT:-

Labour Group

Councillor Dunn (Chair) and Councillor Shepherd (Vice-Chair).

Conservative Group

Councillor Atkin and Bridgen

Non-Grouped

Councillor Wheelton

AS/13 **APOLOGIES**

The Sub-Committee was informed that apologies had been received from Councillor Atkin.

AS/14 **DECLARATIONS OF INTEREST**

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

AS/15 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

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

AS/16 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

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

MATTERS DELEGATED

AS/17 **INTERNAL AUDIT PROGRESS REPORT**

The Audit Manager presented the report informing the Sub-Committee of the position of the Audit Plan and gave an overview of the Dashboard, jobs completed, recommendations and customer satisfaction. The Audit Manager

updated the Sub-Committee regarding the revenue system noting that recommendations had been completed.

Members requested an update regarding the Orchard system and stock control.

The Head of Housing informed the Sub-Committee that the repairs system (Orchard) used was still in the process of being updated and noted that very few Council materials were kept on Council premises as materials were mainly managed electronically by suppliers and added that the Council's internal procedures regarding stock were sufficient but would be reviewed and updated with the support of IT. The Head of Housing advised the Sub-Committee that a report would be submitted to Overview and Scrutiny Committee regarding a number of Housing issues.

The Chair of the Sub-Committee sought clarity regarding the responsibility for PCI compliance.

The Strategic Director (Corporate Resources) confirmed that it was his responsibility and noted that the risk in relation to taking over the telephone payments would be reviewed following the appointment of a new Head of Customer Services in October.

The Strategic Director (Corporate Resources) addressed the Sub-Committee and advised the Members that the external auditor would be attending the next Sub-Committee meeting in December and noted that the outstanding External Audit for 2021 was expected to be completed within the next few weeks.

RESOLVED:

The Sub-Committee considered the report of the Audit Manager as per Appendix 1 to the report, and any issues identified be subject to a follow-up report as appropriate.

AS/18 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented the Committee Work Programme to Members.

RESOLVED:-

The Committee considered and approved the updated work programme.

AS/19 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

RESOLVED:-

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

AS/20 **EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

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

The Meeting terminated at 17:05 hours

COUNCILLOR P DUNN

CHAIR

AUDIT SUB-COMMITTEE

07 December 2022

PRESENT:-

Non-Grouped

Councillor Wheelton (Chair)

Labour Group

Councillor Shepherd (Vice-Chair) and Councillor Dunn

Conservative Group

Councillor Atkin and Bridgen

AS/21 **APOLOGIES**

The Sub-Committee was informed that no apologies had been received.

AS/22 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that a declaration of personal interest had been received by Councillor Atkin in relation to item AS/25 by virtue of being a Derbyshire County Council's Pensions' Committee member.

AS/23 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

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

AS/24 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

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

MATTERS DELEGATED

AS/25 **AUDIT RESULTS REPORT FOR YEAR ENDING 31 MARCH 2021**

The Strategic Director (Corporate Resources) addressed the Sub-Committee and introduced the new External Auditor.

The External Auditor presented the report summarising the key areas and outlined the letter of representation and the 3 areas that were assessed.

Members sought clarity regarding Members' Declarations.

The Strategic Director (Corporate Resources) informed the Sub-Committee that there was no missing information and that it was the responsibility of Members to inform the Council of any relevant declarations.

Members raised queries regarding the increase in the pension schemes.

The External Auditor explained to the Sub-Committee that the report provided information regarding the Councils shares and liabilities,

Councillor Shepherd noted that he had raised a concern regarding governance issues with the previous External Auditor but had not received a response.

The External Auditor apologised and requested that Councillor Shepherd resend the information to enable a response to be given.

Members raised concerns regarding the delays with audit reports.

The Strategic Director (Corporate Resources) advised the Sub-Committee that the External Auditor's opinion was a key part of assurance that the Council was on the right track and the longer the delays with the annual reports there could be a risk that a serious problem may be missed and that a way forward was needed.

The External Auditor addressed the Sub-Committee noting that there was no quick fix to the shortage of auditors but assured Members that Ernest and Young was making an investment in training etc. and that it would take time to catch up to a business as usual cycle.

Members discussed the possible impact of the increase to auditors' fees and delays to the annual reports and proposed that a report be submitted to Finance and Management Committee regarding the issues

RESOLVED:

The Sub-Committee considered and noted the report of the External Auditor.

The Sub-Committee approved that a report be presented to Finance and Management Committee regarding the possible increase in costs for external auditor's fees and the potential impact of delayed External Auditor's annual reports.

AS/26 **LOCAL CODED OF CORPORATE GOVERNANCE REVIEW**

The Head of Legal and Democratic Services presented the report the Sub-Committee and noted that point 3.14 of the report contained areas to be considered in the future.

The Chair of the Sub-Committee raised a query regarding the recording of actions agreed during Committee meetings.

The Head of Legal and Democratic Services advised the Sub-Committee that committee minutes were a summary of the meetings and that it was the responsibility of Strategic Directors and officers to take note of agreed actions.

RESOLVED:

1.1 The Sub-Committee approved the updated Local Code of Corporate Governance as detailed in Appendix 1 of the report.

1.2 The Sub-Committee approved the progress regarding on-going work to maintain sound governance as detailed in the report.

AS/27 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Auditor presented the report to the Sub-Committee and gave an updated summary of changes since the last meeting. It was noted that five internal audits had been undertaken and that nineteen outstanding recommendations had been completed.

The Internal Auditor advised the Sub-Committee that there some audits were not moving along and they would like.

Members raised concern regarding response time of officers.

The Head of Housing attending the meeting and updated the Sub-Committee regarding the system upgrades, IT and stock condition data. The Internal Auditor advised the Sub-Committee that information requested from the external IT provider had been submitted since the report had been written.

The Head of Legal and Democratic Services advised the Sub-Committee that that any delay in response had been due to a periods of annual leave, ill health and out of the office meetings etc. and noted that email should not be the only form of contact used by the Internal Auditors.

Members discussed a variety of ways that non-responses could be addressed and the Chair of the Sub-Committee suggested that if there was a log of non-responses then this may assist.

The Internal Auditors noted a significant risk rating regarding payroll.

The Strategic Director (Corporate Resources) advised the Sub-Committee that the issue related to reliance on an external system provider and a large amount of manual input but there was an action plan in place and the issue was being dealt with.

The Chair of the Sub-Committee noted an issue in relation to the IT protocol and breaches by Councillors and officers that needed be considered.

RESOLVED:

1.1 The report of the Audit Manager was considered by the Sub-Committee and any matters specifically identified would be subject to an appropriate report back.

AS/28 **CENTRAL MIDLANDS AUDIT PARTNERSHIP EXTERNAL ASSESSMENT**

The Strategic Director (Corporate Resources) presented the report to the Sub-Committee and outlined the report regarding the additional assessment of the Internal Auditors that looked at the quality of the audits. It was noted that Central Midlands Audit Partnership had an overall rating of good and that it was one of the best internal auditors that had been assessed.

RESOLVED:

1.1 The Sub-Committee considered and noted the outcomes from the External Quality Assessment as detailed in the report.

AS/29 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented the Sub-Committee Work Programme to Members.

RESOLVED:

The Sub-Committee considered and approved the updated work programme.

AS/30 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

RESOLVED:

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

AS/21 **EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

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

The Meeting terminated at 17:15 hours

COUNCILLOR A WHEELTON

CHAIR

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 7
DATE OF MEETING:	16 MARCH 2023	CATEGORY: DELEGATED
REPORT FROM:	LEADERSHIP TEAM	OPEN DOC:
MEMBERS' CONTACT POINT:	FRANK MCARDLE (EXT. 5700) KEVIN STACKHOUSE (5811) FIONA PITTAM (EXT. 8702)	
SUBJECT:	CORPORATE PLAN 2020-24 PERFORMANCE REPORT (2022-2023 QUARTER 3– (1 APRIL TO 31 DECEMBER))	
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: G

1.0 Recommendations

- 1.1 That the Committee approves progress against performance targets set out in the Corporate Plan 2020 - 2024.
- 1.2 That the Risk Register for the Committee's services are reviewed.

2.0 Purpose of the Report

- 2.1 To report progress against the Corporate Plan under the priorities of Our Environment, Our People and Our Future.

3.0 Executive summary

- 3.1 The Corporate Plan 2020 – 2024 was approved following extensive consultation into South Derbyshire's needs, categorising them under three key priorities: Our Environment, Our People and Our Future. The Corporate Plan is central to the Council's work – it sets out its values and vision for South Derbyshire and defines its priorities for delivering high-quality services.
- 3.2 This Committee is responsible for overseeing the delivery of the key priorities and the following key aims:

Our Environment

- *Enhance the attractiveness of South Derbyshire*

Our People



- *Supporting and safeguarding the most vulnerable*
- *Deliver excellent services*

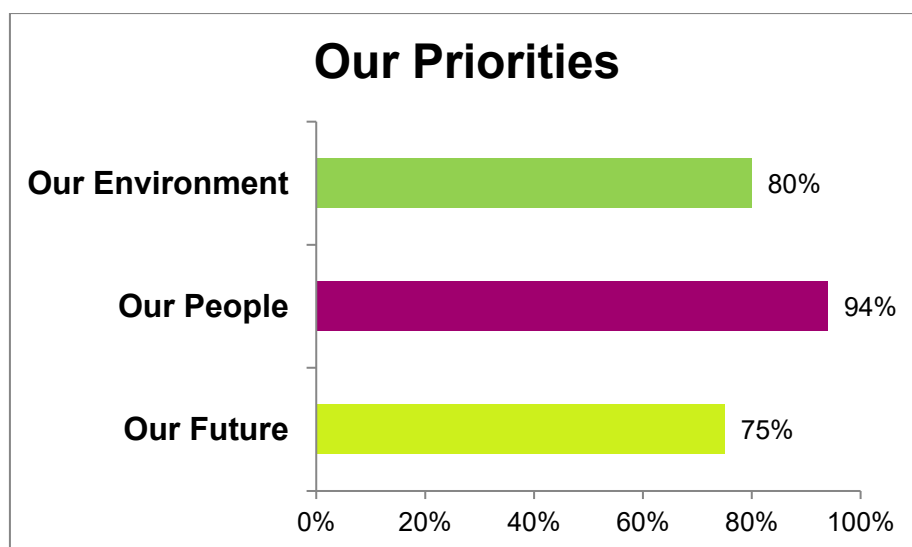
Our Future

- *Transforming the Council*

4.0 Performance Detail

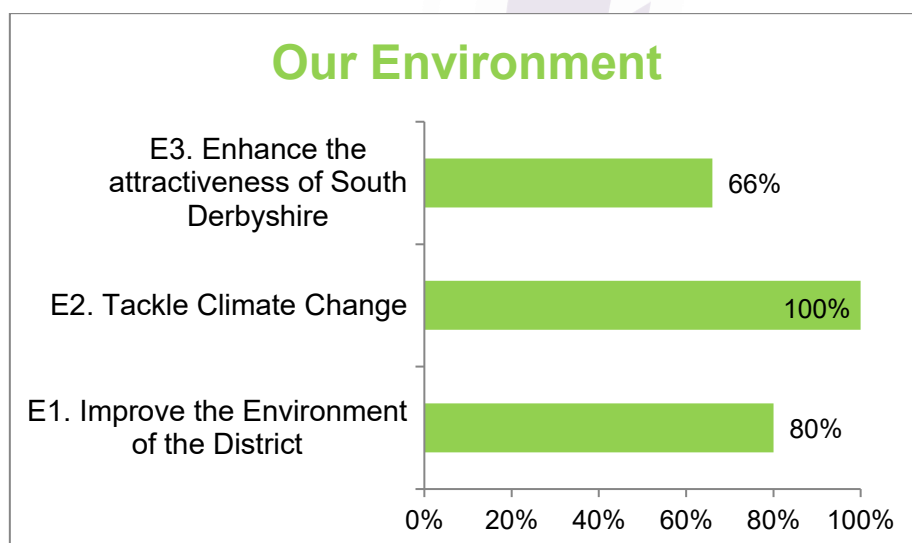
4.1 Overall Council performance against the priorities– Quarter three 2022-2023.

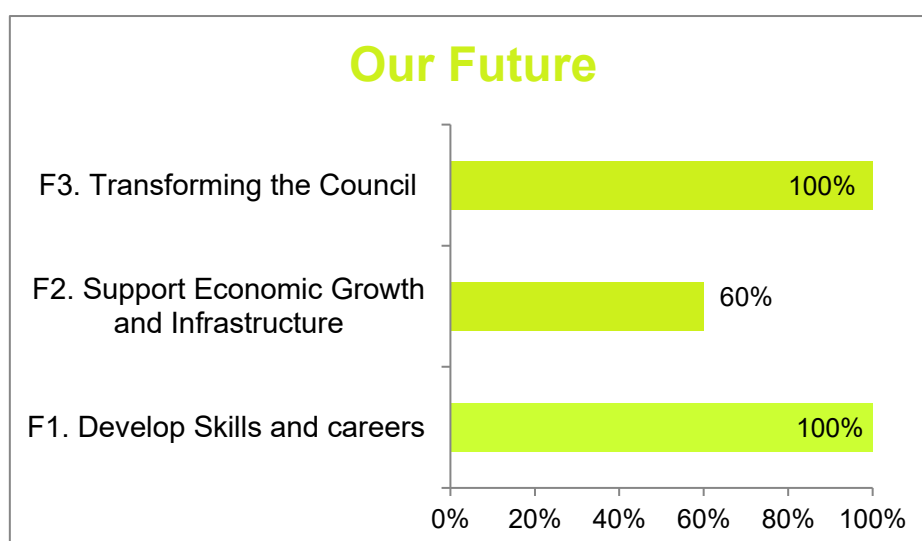
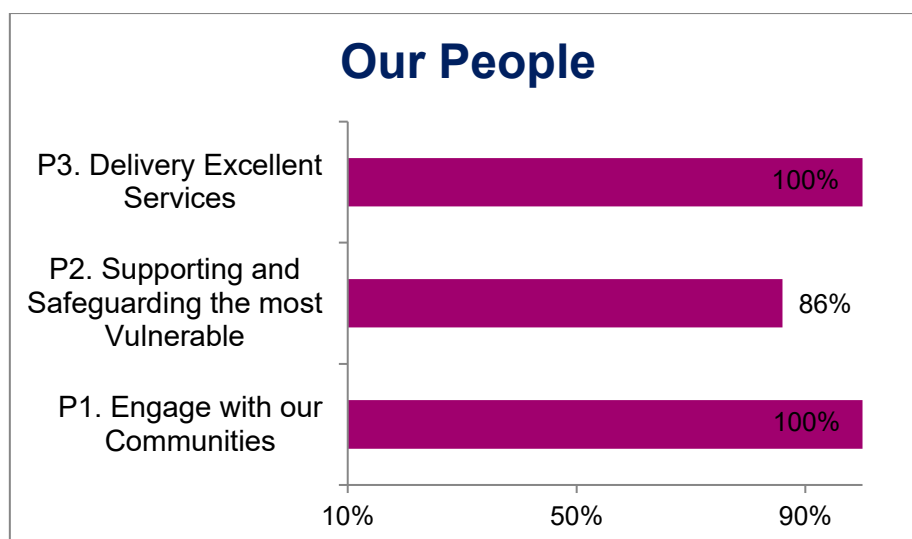
The below chart provides an overview for the percentage of measures that are on track to achieve the annual target.



4.2 Overall Council performance against key aims – Quarter three, 2022-2023.

The below charts provide an overview for the percentage of measures that are on track to achieve the annual target within each key aim of the Corporate Plan.





- 4.3 Of the 35 measures which support the progress of the Corporate Plan 20-24, 23 are green, four are amber, five are red and three are grey.

Overall, 86% of the key aims within the Corporate Plan are on track. As at quarter three, 80% of indicators are on track for Our Environment, 94% are on track for Our People and 75% are on track for Our Future.

- 4.4 This Committee is responsible for overseeing the delivery of eleven Corporate measures.

Below outlines the 11 (100%) measures for this Committee that are on track (green, amber or grey) for the quarter:

- Develop and deliver the Public Buildings programme over four years.
- Increase the number of customers who interact digitally as a first choice.
- Reduce face-to-face contact to allow more time to support those customers who need additional support.



- Number of customer telephone calls answered by Customer Service.
- Increase digital engagement (Twitter, Instagram, Facebook.)
- Increase the level of staff engagement.
- Average number of staff days lost due to sickness.
- % Of employees that consider that the Council has a positive health and safety culture.
- Deliver against the Transformation Action Plan.
- Develop our approach towards the commercialisation of services.
- Number of apprenticeships.

4.5 There are no (0%) measures for this Committee that is not on track (red) for the quarter.

For more detailed information please refer to **Appendix B**, Performance Measure Report Index.

4.6 An overview of performance can be found in the Performance Dashboard in **Appendix A**. A detailed update of the quarterly outturn of each performance measure including actions to sustain or improve performance is included in the detailed Performance Measure Report Index in **Appendix B**.

4.7 Questions regarding performance are welcomed from the Committee in relation to the Corporate performance measures that fall under its responsibility and are referenced in the detailed Performance Measure Report Index in **Appendix B**

5.0 **Financial and Implications**

None directly.

6.0 **Corporate Implications**

6.1 **Employment Implications**

None directly.

6.2 **Legal Implications**

None directly.

6.3 **Corporate Plan Implications**

This report updates the Committee on the progress against the key measures agreed in the Corporate Plan and demonstrates how the Council's key aims under the priorities, Our Environment, Our People and Our Future contribute to that aspiration.



6.4 Risk Impact

The Risk Register for the Committee's services is detailed in **Appendix C** Chief Executive Risk Register and **Appendix D** Corporate Risk Register. This includes the register, risk mitigation plans and any further actions for the relevant departmental risks. Each risk has been identified and assessed against the Corporate Plan aims which are considered to be the most significant risks to the Council in achieving its main objectives. The Risk Register details a risk matrix to summarise how each identified risk has been rated.

The following risks have been updated for quarter three in the Corporate Risk Register:

- CR1 - Universal Credit (UC). Mitigating actions updated to include the recruitment of the Technical and Training Officer and Customer Service Advisor.
- CR2 – Fraudulent Activities. 'Additional vigilance due to Covid-19' removed from further actions required.
- CR12 - Government Funding - a reduction in core funding. The mitigating actions for the 'impact of Covid 19 on the short-term financial position' has been removed.
- CR16 - Business Continuity. Further actions updated to include the changes agreed by Finance & Management Committee in January and February are being implemented.
- CR21 - Managing the environmental impact of incidents across the district. Further actions updated to confirm a full ISO14001 systems review was completed in October 2022 and an External ISO14001 audit was completed in December 2022, with three non-conformities and 13 observations identified. Work is now underway to close all of these.
- CR22 – Climate Emergency. Further actions updated to include three new bids for external funding in relation to energy improvement in private housing stock and SDDC housing stock and Civic Way Offices.
- CR26 – Supply Chain. (Operational Services update) The 'EU shortage of coloured plastic' has been removed from the risk cause. Five HGV drivers post are currently vacant with four being recruited to in quarter four. (Housing Services update) The mitigating actions have been updated to advise a new repair material provider, Travis Perkins has been procured, there is now a higher risk of skilled labour shortage and new rates have been agreed for repairs and maintenance work streams.
- CR27 - External audit of the Council's accounts - increased length in time for the external audit of the Council's accounts. This is a new risk added to the risk register in quarter three.

The following risks have been updated for quarter three in the Chief Executive Risk Register:

- CE3 - Transfer of responsibility for visitor information provision from Sharpe's Pottery Heritage and Arts Trust to the Council. The service has now been transferred and continues to operate. This is no longer deemed to be a risk to the Council and can



be archived. This has been reported to Environmental & Development Services Committee.

7.0 Community Impact

7.1 Consultation

None required.

7.2 Equality and Diversity Impact

Not applicable in the context of the report.

7.3 Social Value Impact

Not applicable in the context of the report.

7.4 Environmental Sustainability

Not applicable in the context of the report.

8.0 Appendices

Appendix A – Performance Dashboard 2020-2024

Appendix B – Performance Measure Report

Appendix C – Chief Executive Risk Register

Appendix D – Corporate Risk Register



Priority	Key Aim		Outcome	Ref	How success will be measured	Q4 2020-2021: Apr - Mar	Q4 2021-2022: Apr - Mar	Q1 2022-2023: Apr-Jun	Q2 2022-2023: Apr-Sept	Q3 2022-2023: Apr-Dec	Annual Target 22-23	Plan Target 2020-2024	Head of Service	Strategic Lead	Committee	
Our Environment	Keeping a clean, green District for future generations		E1. Improve the environment of the District	E1.1 Reduce waste and increase composting and recycling	E1.1A	Household waste collected per head of population	460kgs	416kgs	110kgs	208kgs	302kgs	Downward Trend	Sustain during Y1 and Y2. See a downward trend in Yrs. 3 and 4	Gary Charlton, Head of Operational Services	Heidi McDougall, Strategic Director, Service Delivery	E&DS
				E1.1B	% of collected waste recycled and composted	47%	46%	49%	47%	45%	Upward Trend	Sustain during Y1 and Y2. See an upward trend in Y3 and Y4	Gary Charlton, Head of Operational Services	Heidi McDougall, Strategic Director, Service Delivery	E&DS	
				E1.2A	Number of fly tipping incidents	1003	604	139	286	442	Downward trend as a four 4-year mean <764	Downward trend over four years	Matt Holford, Head of Environmental Services	Heidi McDougall, Strategic Director, Service Delivery	E&DS	
				E1.2B	Improve the quality of the District through the Local Environmental Quality Survey	Report in Q1 21/22	93.79% of streets meet grade B or higher	93.79% of streets meet grade B or higher	93.79% of streets meet grade B or higher	96.65% of streets Grade B or higher	>95% (Grade B or above)	>95% (Grade B or above)	Gary Charlton, Head of Operational Services	Heidi McDougall, Strategic Director, Service Delivery	E&DS	
				E1.3A	% of eligible new homes and commercial developments to achieve net gain in Biodiversity by a minimum of 10% compared to the sites pre development baseline.	66.7%	66.7%	0	0	0	85%	85%	Steffan Saunders, Head of Planning and Strategic Housing	Heidi McDougall, Strategic Director, Service Delivery	E&DS	
			E2. Tackle climate change	E2.1 Strive to make South Derbyshire District Council carbon neutral by 2030	E2.1A	Reduce South Derbyshire District Council carbon emissions	Achieved	Achieved	Achieved	Achieved	Achieved	Downward Trend in Carbon Emissions	Reduce C02 emissions through the achievement of actions in the South Derbyshire Climate and Environment Action Plan 2020-24 (C&EAP)	Matt Holford, Head of Environmental Services	Heidi McDougall, Strategic Director, Service Delivery	E&DS
				E2.2 Work with residents, businesses and partners to reduce their carbon footprint	E2.2A	% of new homes to meet water efficiency targets as set out in the Part G optional standard of 110 litres of potable water usage per person per day	100%	75.6%	64%	75%	80%	85%	85%	Steffan Saunders, Head of Planning and Strategic Housing	Heidi McDougall, Strategic Director, Service Delivery	E&DS
			E3. Enhance the attractiveness of South Derbyshire	E3.1 Enhance the appeal of Swadlincote town centre as a place to visit	E3.1A	Increase Swadlincote Town Centre visitor satisfaction	55%	60% (new report in Q3)	60% (new report in Q3)	60% (new report in Q3)	66%	Upward Trend (Close gap to National small towns average)	National small towns average 72%. Target to be above the National average by 2023/24	Mike Roylance, Head of Economic Development and Growth	Frank McArdle, Chief Executive	E&DS
				E3.2 Improve public spaces to create an environment for people to enjoy	E3.2A	The number of Green Flag Awards for South Derbyshire parks	Achieved	3	3	3	3	Four Green Flags	Increase from two green flag park awards to four by 2024	Sean McBurney, Head of Cultural and Community Services	Heidi McDougall, Strategic Director, Service Delivery	H&CS
					E3.2B	Proportion of good quality housing development schemes	Out turn unavailable	Out turn unavailable	Out turn unavailable. Reported annually in Q4 22/23)	Out turn unavailable. Reported annually in Q4 22/23)	Out turn unavailable. Reported annually in Q4 22/23)	90%	% of schemes which score high	Steffan Saunders, Head of Planning and Strategic Housing	Heidi McDougall, Strategic Director, Service Delivery	E&DS
Our People	Meeting the needs of the District		P1. Engage with our communities	P1.1 Support and celebrate volunteering, community groups and the voluntary sector	P1.1A	Number of new and existing Community Groups supported	153 groups	160 groups	33 groups	87 groups	151	Upward trend on the average over two years >157	Year 1 -2(Proxy)- collate baseline data. Year 3-4 we will show an increase on the average over two years	Sean McBurney, Head of Cultural and Community Services	Heidi McDougall, Strategic Director, Service Delivery	H&CS
				P1.2 Help tackle anti-social behaviour & crime through strong and proportionate action	P1.2A	Number of ASB interventions by type	Minimal	Moderate	Moderate	Moderate	Moderate	'Moderate' or 'High'	Performance to be rated as 'High' or 'Moderate'	Matt Holford, Head of Environmental Services	Heidi McDougall, Strategic Director, Service Delivery	H&CS
			P2. Supporting and safeguarding the most vulnerable	P2.1 With partners encourage independent living and keep residents healthy and happy in their homes.	P2.1A	Number of households prevented from Homelessness	265 cases	261 cases	52 cases	79 cases	137 cases	Proxy	Proxy Measure to show service activity	Paul Whittingham, Head of Housing	Heidi McDougall, Strategic Director, Service Delivery	H&CS
					P2.1B	Continue to undertake interventions per year to keep families out of fuel poverty	276	210	48	104	161	> 160 interventions	300 interventions (2020-21) Target to be reviewed thereafter.	Matt Holford, Head of Environmental Services	Heidi McDougall, Strategic Director, Service Delivery	E&DS
				P2.2 Promote health and wellbeing across the District	P2.2A	Deliver the objectives identified in the South Derbyshire Health & Wellbeing Group	Ongoing delivery of plan	Delivery of Health and Wellbeing Action Plan over 2021-22	Action plan developed and adopted	Achieved	Ongoing delivery of the action plan by partners	100% of actions delivered	100% of actions identified delivered	Sean McBurney, Head of Cultural and Community Services	Heidi McDougall, Strategic Director, Service Delivery	H&CS
				P2.3 Improve the condition of housing stock and public buildings.	P2.3A	Deliver the Planned Maintenance Housing programme over four years	114.10% (£ 2,377,625)	89.1% (£2,116,365.65)	18.38% (£1,927,550)	34.25% - £660,135.65	50.54% - £974,241 against total budget for 2022-2023.	100% against the annual budget 2022-23	100% spend against the planned maintenance budget	Paul Whittingham, Head of Housing	Heidi McDougall, Strategic Director, Service Delivery	H&CS
					P2.3B	Develop and deliver the Public Buildings programme over four years	Carry out further surveys on 12 more of the Public Buildings portfolio.	30% (44 surveys)	26% (10 surveys)	52% (20 surveys)	52%	25% (38 surveys undertaken)	100% of surveys undertaken	Steve Baker, Head of Corporate Property	Kevin Stackhouse, Strategic Director, Corporate Resources	F&M
					P2.3C	Average time taken to re-let Council homes	200 days average	156 days	183 days	183	189	Median Quartile Performance (Benchmark via Housemark)	Median Quartile Performance (Benchmark via Housemark)	Paul Whittingham, Head of Housing	Heidi McDougall, Strategic Director, Service Delivery	H&CS
				P2.4 Support social mobility to ensure people have the opportunity to access skilled jobs, higher and further education.	P2.4A	Deliver the objectives identified in the Supporting Aspirations Plan	Research and data analysis	Supporting Aspirations Action Plan adopted.	Achieved	Reported in Q4	Reported in Q4	Deliver the year one objectives identified in the Supporting Aspirations Plan	Deliver the objectives identified in the Supporting Aspirations Plan	Mike Roylance, Head of Economic Development and Growth	Frank McArdle, Chief Executive	E&DS

Our People	Working with communities and meeting the future														
	P3. Deliver Excellent Services														
Our Future	Growing our District and our skills base	F1. Develop skills and careers	P3.1 Ensuring consistency in the way the Council deal with service users	P3.1A	Increase the number of customers who interact digitally as a first choice	Total: 22,242	Total: 24,405	Total: 6,021	Total: 16,334	Total: 21,245	Upward trend	Upward Trend	Catherine Grimley, Head of Customer Services	Kevin Stackhouse, Strategic Director, Corporate Resources	F&M
			P3.2 Have in place methods of communication that enables customers to provide and receive information.	P3.2A	Reduce face-to-face contact to allow more time to support those customers who need additional support	0	744 self serve and 115 face to face	2,470	4,496	6,359	Downward Trend	Downward trend in Face to Face interactions	Catherine Grimley, Head of Customer Services	Kevin Stackhouse, Strategic Director, Corporate Resources	F&M
		P3.3 Ensuring technology enables us to effectively connect with our communities.	P3.3A	Number of customer telephone calls answered by Customer Service	Total: 98,099	Total: 99,165	Total: 22,872	Total: 45,412	Total: 66,188	Downward Trend	Downward Trend	Catherine Grimley, Head of Customer Services	Kevin Stackhouse, Strategic Director, Corporate Resources	F&M	
			P3.3B	Increase digital engagement (Twitter, Instagram, Facebook)	43,850	49,181	51,990	51,762	52,232	Upward Trend	Upward Trend	Fiona Pittam, Head of Organisational Development & Performance	Kevin Stackhouse, Strategic Director, Corporate Resources	F&M	
		P3.4 Investing in our workforce	P3.4A	Increase the level of staff engagement	Survey postponed until 21-22	Target not achieved	Achieved	246 staff attended staff briefing sessions on Flexible Working Policy in July 2022	182 people responded to staff Flexible Working consultation	proxy - establish baseline data	Annual increase in the number of staff who have engaged with the Council	Fiona Pittam, Head of Organisational Development & Performance	Kevin Stackhouse, Strategic Director, Corporate Resources	F&M	
			P3.4B	Number of apprenticeships	5 (1.5% of head count)	6 (1.84% of head count)	6 (1.84% of head count)	6 (1.82% of head count)	7 (1.92% of head count)	>2.3% of head count	>2.3% of head count	Fiona Pittam, Head of Organisational Development & Performance	Kevin Stackhouse, Strategic Director, Corporate Resources	F&M	
			P3.4C	Average number of staff days lost due to sickness	12.93	10.28	2.47	2.02	7.10	Downward Trend	Downward Trend	Fiona Pittam, Head of Organisational Development & Performance	Kevin Stackhouse, Strategic Director, Corporate Resources	F&M	
			P3.4D	% of employees that consider that the Council has a positive health and safety culture	Postponed until early 22/23	Postponed until early 22-23	27 employees trained			proxy - establish baseline data	Upward Trend in Health and Safety mandatory training and up to date health and safety policy	Fiona Pittam, Head of Organisational Development & Performance	Kevin Stackhouse, Strategic Director, Corporate Resources	F&M	
		F1.1 Attract and retain skilled jobs in the District	F1.1A	Increase the number of employee jobs in South Derbyshire	32,000 Impacted by Covid-19	31,000 Impacted by Covid-19	31,000 Impacted by Covid-19. (Reported annually in Q4 22/23)	31,000 Impacted by Covid-19. (Reported annually in Q4 22/23)	34,000	Upward Trend	Upward Trend	Mike Roylance, Head of Economic Development and Growth	Frank McArdle, Chief Executive	E&DS	
			F1.2 Support unemployed residents back into work		F1.2A										
		F2.1 Encourage and support business development and new investment in the District	F2.1A	Annual net growth in new commercial floorspace (sqm)	4,140 sqm	1,665 sqm	1,665 sqm(Reported annually in Q4 22/23)	1,665 sqm (Reported annually in Q4 22/23)	1,665 sqm (Reported annually in Q4 22/23)	Upward Trend	net annual growth in commercial floorspace of 12,269.5 sqm	Mike Roylance, Head of Economic Development and Growth	Frank McArdle, Chief Executive	E&DS	
			F2.1B	Total Rateable Value of businesses in the District	£67,341,926	£67,234,722	£67,279,062	£67,207,674	£67,072,729	Upward trend (on 21/22 Q4 as baseline)	Upward trend (on 21/22 Q4 as baseline)	Mike Roylance, Head of Economic Development and Growth	Frank McArdle, Chief Executive	E&DS	
		F2.2 Enable the delivery of housing across all tenures to meet Local Plan targets	F2.2A	Speed of decision on discharging conditions on housing applications	100%	60.9%	50%	60%	79%	90% within 8-13 weeks or as agreed with the applicant	90% within 8-13 weeks or as agreed with the applicant	Steffan Saunders, Head of Planning and Strategic Housing	Heidi McDougall, Strategic Director, Service Delivery	E&DS	
			F2.2B	% of planning applications determined within the statutory period	98%	90.50%	88%	86%	81%	>90%	>90%	Steffan Saunders, Head of Planning and Strategic Housing	Heidi McDougall, Strategic Director, Service Delivery	E&DS	
F2.3 Influence the improvement of infrastructure to meet the demands of growth.	F2.3A	Secure new facilities and contributions through Section106 to mitigate impacts of development. Achieve all necessary highway, education, healthcare, and recreation contributions	94%	100%	100% (annual return in Q4 22/23)	100% (annual return in Q4 22/23)	100% (annual return in Q4 22/23)	90%	90%	Steffan Saunders, Head of Planning and Strategic Housing	Heidi McDougall, Strategic Director, Service Delivery	E&DS			
F3.1 Provide modern ways of working that support the Council to deliver services to meet changing needs.	F3.1A	Deliver against the Transformation Action Plan	On target	85%	On target	On target	On target	Deliver 100% against action plan	Deliver 100% against action plan	Anthony Baxter, Head of Business Change and ICT	Kevin Stackhouse, Strategic Director, Corporate Resources	F&M			
	F3.2 Source appropriate commercial investment opportunities for the Council	F3.2A	Develop our approach towards the commercialisation of services which include grants, sponsorship, fees and charges and operating models and increase the income generated from these activities	On target	No change from last quarter	No change from last quarter	No change from last quarter	On target	A corporate action plan collating Council departments strands of commercialisation is to be drafted in Quarter four.	Y1 – Form a working group & Action Plan Y2 – deliver against action plan and sustain an upward trend in revenue	Gary Charlton, Head of Operational Services	Heidi McDougall, Strategic Director, Service Delivery	F&M		

Corporate Plan 2020-2024

Performance Measure Report

Finance and Management Committee

Team: Organisational Development and Performance

Date: March 2023

Quarter 3, 2022-2023

Performance Measure Report Index

Corporate Plan 2020-2024

Summary

The Corporate Plan 2020-2024 has 35 Corporate Measures which underpin the Council's three priorities Our Environment, Our People, Our Future.

The following Committees are responsible for overseeing the delivery of the following key aims and outcomes:

Environmental and Development Services Committee (E&DS) are responsible for 17 Corporate measures under the key aims:

- E1. Improve the environment of the District
- E2. Tackle climate change
- E3 Enhance the attractiveness of South Derbyshire
- P2. Supporting and safeguarding the most vulnerable
- F1. Develop skills and careers
- F2. Support economic growth and infrastructure

Housing and Community Services Committee (H&CS) are responsible for seven Corporate measures under the key aims:

- E3. Enhance the attractiveness of South Derbyshire
- P1. Engage with our communities
- P2. Supporting and safeguarding the most vulnerable

Finance and Management Committee (F&M) are responsible for 11 corporate measures under the key aims:

- P2. Supporting and safeguarding the most vulnerable
- P3. Deliver Excellent Services
- F3. Transforming the Council

Finance and Management Committee (F&M) are responsible for the following 11 corporate measures

Our People

Measure

- Develop and deliver the Public Buildings programme over four years
- Increase the number of customers who interact digitally as a first choice
- Reduce face-to-face contact to allow more time to support those customers who need additional support
- Number of customer telephone calls answered by Customer Services
- Increase digital engagement (Twitter, Instagram, Facebook)
- Increase the level of staff engagement
- Number of apprenticeships
- Average number of staff days lost due sickness
- % of employees that consider that the Council has a positive health and safety culture

Our Future

Measure

- Deliver against the Transformation Action Plan
- Develop an approach towards the commercialisation of services which include grants, sponsorship, fees and charges and operating models and increase the income generated from these activities

Priority: Our Future					
F3.1 Provide modern ways of working that support the Council to deliver services to meet changing needs.					
Measure and Reference		F3.1A Deliver against the Transformation Action Plan	Committee	F&M	
Definition		In order to deliver services to meet the needs of the organisation, the Council needs a robust plan to identify areas of improvement, evaluate and benchmark a target operating model and map a route to achieving our ambitions	Why this is Important	The Transformation Plan provides a focal point for major change in the organisation, evaluating conflicting priorities, allocating resources, escalating problem and above all else, manage core programmes of work by documenting progress.	
What Good Looks Like		Each year the Head of Business Change, ICT & Digital will present a workplan for adoption, outlining projects, milestones and resources needed to achieve the objectives set by the Corporate Plan.			
History of this Indicator		The Council is committed to improving outcomes and outputs for its stakeholders as is evident in the Corporate Plan.			
2019/20 Baseline Data		Not applicable			
Reporting Year	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2020/21	Deliver 100% against action plan	On target	On target	On target	On target
2021/22	Deliver 100% against action plan	On target	Quarterly target not achieved	Continue to deliver the annual transformation plan including the emerging Future Service Delivery programme	85%
2022/23	Deliver over 75% of business change team priority projects and provide effective reporting for service improvement projects through the Transformation Steering Group.	On target	On track	On track	

Performance Overview - Quarterly Update

Digital Platform test systems are being configured. The Housing Management System was transferred to off-site hosting in a major technical and transformational milestone. Procurement exercise for Fleet Management Software. Planning review workshops and resource outcomes have been achieved.

Actions to sustain or improve performance

Ongoing governance through Transformation Steering Group

Priority: Our Future

F3.2 Source appropriate commercial investment opportunities for the Council

Measure and Reference	F3.2A Develop our approach towards the commercialisation of services which include grants, sponsorship, fees and charges and operating models and increase the income generated from these activities	Committee	F&M		
Definition	Using Council assets wisely, trading services with others across the public and private sectors and selling commodities to generate income.	Why this is Important	As funding shrinks exploring new ways to maximise our income is essential, in order to protect valuable frontline services and ensure positive outcomes for our local communities.		
What Good Looks Like	Year 1 to form a working group and define the action plan Year 2 to 4 deliver 100% against the action plan and sustain an upward trend in income generation				
History of this Indicator	New indicator				
2019/20 Baseline Data	Baseline data to be collated during 20-21				
Reporting Year	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2020/21	Year 1 to form a working group and define the action plan	On target	On target	On target	On target
2021/22	deliver 100% against the action plan and sustain an upward trend in income generation	Quarterly outcome not achieved	Quarterly outcome not achieved	No change from last quarter	No change from last quarter
2022/23	A corporate action plan collating Council department strands of commercialisation is to be drafted in Quarter four	No change from last quarter	No change from last quarter	On target	
Performance Overview - Quarterly Update		Actions to sustain or improve performance			
Strands of commercialisation are underway across departments with potential increases to income or efficiencies in service. An Environmental Services Commercialisation Plan was approved by		Continued cross department monitoring of commercialisation projects.			

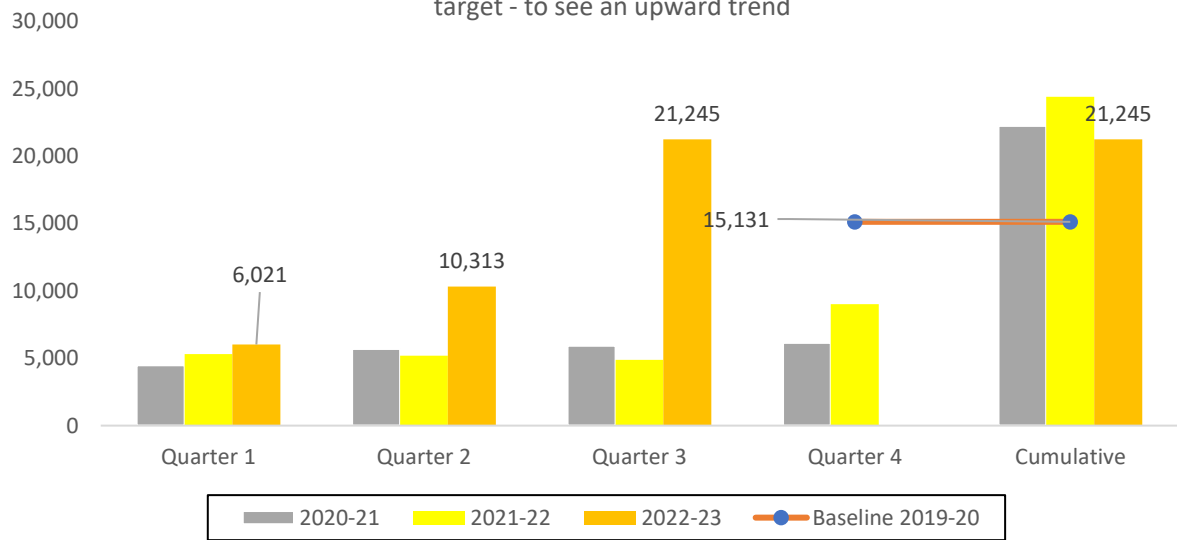
EDS and F&M Committees in November. The Plan sets out the aims and objectives of the commercialisation of the service for the next three years (2023/24 to 2025/26) including the target markets and client groups, the necessary staff resources to meet these objectives and the projected additional income to be generated over the lifetime of the Plan. The restructure necessary to implement the Plan has started with staff being appointed in December and January. Targeted marketing has also started in advance of the completion of the restructure with some very positive discussions with potential new clients already at an advanced stage.

Operational Services are making changes to collection streams which will reduce LGV vehicle numbers and potentially save £15k in staff, vehicle and fuel costs.

Priority: Our People							
P2.3 Improve the condition of housing stock and public buildings.							
Measure and Reference		P2.3B Develop and deliver the Public Buildings programme over four years		Committee		F&M	
Definition		The purpose of the Performance Indicator is to measure progress in the completion of condition surveys and a Planned Maintenance Programme over the term of the Corporate Plan.		Why this is Important		Completion of Public Buildings condition surveys and a planned maintenance programme will ensure the Council’s buildings are fit for purpose, with repairs undertaken in a proactive, efficient and prioritised manner.	
What Good Looks Like		The portfolio contains 149 Public Building Assets. 100 % of the portfolio will be surveyed over the life of the Corporate Plan					
History of this Indicator		No historical monitoring of this indicator					
2019/20 Baseline Data		Not applicable					
Reporting Year	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4		
2020/21	25% of assets to be surveyed and the planned maintenance programme for phase one to be created	Software tested and calibrated	Condition surveys on the five largest assets have been completed	Carry out further surveys on 12 more of the Public Buildings portfolio.	Carry out further surveys on 12 more of the Public Buildings portfolio.		
2021/22	30% of surveys to be undertaken.	9.1% (11 Surveys)	16% (22 Surveys)	22.5% (33 Surveys)	30% (44 surveys)		
2022/23	25.5% (38 surveys undertaken)	26% (10 surveys)	52% (20 surveys)	52% (20 surveys)			
Performance Overview - Quarterly Update			Actions to sustain or improve performance				
The post of Building Surveyor was vacant from October to January, this explains the stall in progress.			The post of Building Surveyor has now been filled.				

Priority: Our People					
P3.1 Ensuring consistency in the way the Council deal with service users					
Measure and Reference	P3.1A Increase the number of customers who interact digitally as a first choice		Committee	F&M	
Definition	Increase number of customers who interact/raise service requests with the Council using online forms, web chat, and integrated social media, versus alternative methods (phone, face-to-face etc).		Why this is Important	The Council has an ambition to enable online interaction, to reduce the cost-of-service transaction and increase customer satisfaction. This will provide more time to support those who need additional support by telephone or face-to-face.	
What Good Looks Like	Increased number of customers who choose to raise service requests digitally with the Council – whether through the Council’s Customer Relationship Management (CRM) platform, web chat, integrated social media or supporting digital systems (such as council tax, planning and housing systems).				
History of this Indicator	The Council has not yet adopted a centralised digital platform to enable true online interactions, however, has been adopting improved forms and new forms to boost digital interactions until a new CRM is in place.				
2019/20 Baseline Data	During 2019/20 there were 1,282 council tax and digital forms submitted, 12,343 general website forms via the website, 287 social media enquiries and 1,219 COVID-19 Business Rates Grant Applications				
Reporting Year	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2020/21	Upward trend	Total: 4,474	Total: 10,174	Total: 16,103	Total: 22,242
2021/22	>22,242 (upward trend year on year)	Total: 5,301	Total: 10,491	Total: 15,379	Total: 24,405
2022/23	Upward trend	Total: 6,021	Total: 16,334	Total: 21,245	
Performance Overview - Quarterly Update			Actions to sustain or improve performance		
The large increase in digital interactions in Quarter two was a result of the online Energy Rebate application form submissions. This scheme has now closed so there has been a reduction in interaction for Quarter three against Quarter two however the performance measure is still on target.			Continue to promote and make online forms the preferred method of application for future funding schemes.		

Increase number of customers who interact with the Council
digitally as a first choice
target - to see an upward trend



Priority: Our People					
P3.2 Have in place methods of communication that enables customers to provide and receive information.					
Measure and Reference		P3.2A Reduce face-to-face contact to allow more time to support those customers who need additional support		Committee F&M	
Definition		Decrease the number of face-to-face interactions, by offering enhanced alternative methods of contact (phone and online) to enable the Council to provide a better service to those customers who need additional support.		Why this is Important The Council has an ambition to enable online interaction and to enhance telephone support services available. This will enable the Council to better support those customers who need more personalised support face-to-face.	
What Good Looks Like		To see a downward trend in the number of face-to-face customers through Customer Services.			
History of this Indicator		The Council has already seen a decrease in numbers of face-to-face visitors since the introduction of the Council's website, which provides answers to a variety of basic queries and the payment kiosk, which supports self-service payments.			
2019/20 Baseline Data		31,986 face to face enquiries (2018/2019) Q4 (Jan-Mar) 6,953 (2,463 enquiries dealt with at Customer Services Desk. Visitors to office 4,490)			
Reporting Year	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2020/21	Downward trend	No visitors due to Covid-19	No visitors due to Covid-19	No visitors due to Covid-19	0
2021/22	Downward trend (based on 2019 pre-Covid-19)	0	0	0	744 self-serve and 115 face to face
2022/23	Downward trend	2,470	4,496	6,359	
Performance Overview - Quarterly Update			Actions to sustain or improve performance		
The total face-to-face enquiries received for Quarter three was 1,863. This is a reduction of 163 visits compared to Quarter two. This total is for face-to-face enquiries that were supported by Reception or a Customer Service Advisor.			Continue to provide services in the most appropriate way for the customers' needs.		

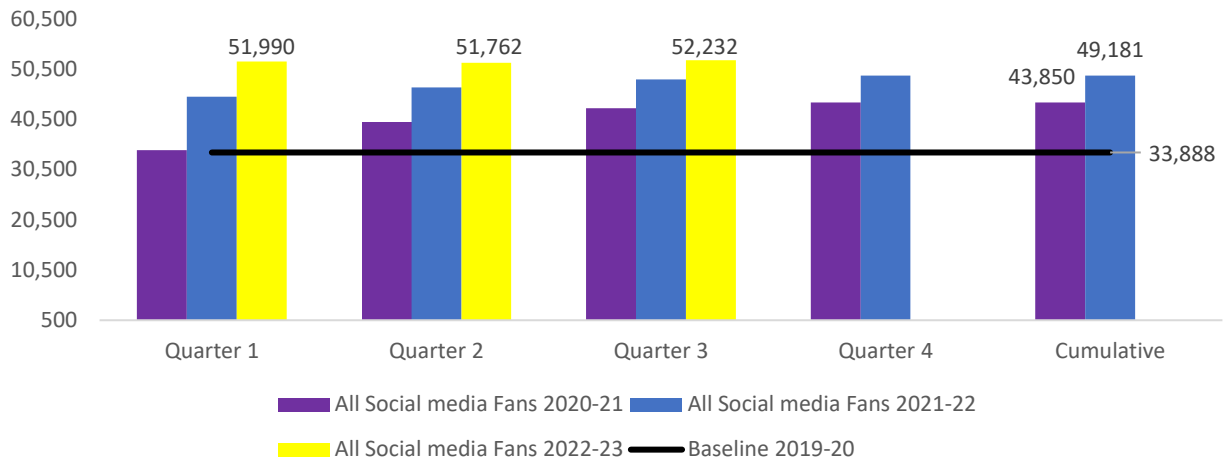
Priority: Our People					
P3.3 Ensuring technology enables us to effectively connect with our communities.					
Measure and Reference		P3.3A Number of customer telephone calls answered by Customer Service		Committee	F&M
Definition		The Council has an ambition to handle an increased number/variety of customer calls at first point of contact, vs transferring to back-office teams. Initially this will result in an increase of calls into the contact centre, which will reduce over time, in parallel with the introduction of increased online tools.		Why this is Important	The Council has an ambition to enable customers who wish to interact online with the council to do so, and better support those customers who need more personalised support by phone or face to face.
What Good Looks Like		Initially an increase in numbers of calls/variety of calls into the contact centre is anticipated, followed by a decrease in overall calls, following the introduction and roll out of digital tools.			
History of this Indicator		The Council has already seen a decrease in numbers of telephone calls following the introduction of the Council's website which provides answers to a variety of basic queries and some online forms.			
2019/20 Baseline Data		95,896 telephone calls received (2019/20). 76,804 calls handled & 19,092 automated call payments.			
Reporting Year	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2020/21	Downward trend in Face to Face interactions	Total: 22,387	Total: 44,701	Total: 69,812	Total: 98,099
2021/22	Downward trend	Total: 26,756	Total: 51,866	Total: 74,981	Total: 99,165
2022/23	Downward trend	Total: 22,872	Total: 45,412	Total: 66,188	
Performance Overview - Quarterly Update			Actions to sustain or improve performance		
Reduction in call volumes against Quarter two and a reduction compared with the same quarter in 2020/21 and 2021/22. The telephone queuing software was upgraded in October which now gives customers information on the call wait time and position in the queue allowing them to make informed decisions about how long to wait to speak to an advisor. This has			Continue to monitor the impact of the IVR technology upgrade to maintain high performance levels.		

had a positive impact already with call abandonment rates reducing by 81% against Quarter two figures.	
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Priority: Our People							
P3.3 Ensuring technology enables us to effectively connect with our communities.							
Measure and Reference		P3.3B Increase digital engagement (Twitter, Instagram, Facebook)		Committee		F&M	
Definition		To increase the volume and quality of social media interaction with residents and customers on all Council social media platforms.		Why this is Important		Social media captures customers who are already digitally engaged/aware and more likely to engage with the Council digitally and acts as a good springboard to digital service delivery.	
What Good Looks Like		Increase number of proactive social media engagement from the Council through the Communications team, result in an increased number of engaged citizens.					
History of this Indicator		The engagement rate, sentiment and follower/fan base on our social media accounts has significantly evolved since 2017. The creation of the central Facebook page in 2017 and a more strategic approach – more residents are now choosing this method.					
2019/20 Baseline Data		Number of Facebook (central and departmental) fans and Twitter (central and departmental) followers.33,888. Commentary of the nature of these queries (this is already included in the monthly social media dashboard reports)					
Reporting Year	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4		
2020/21	Upward trend	34,340	39,924	42,723	43,850		
2021/22	Upward trend	44,989	46,853	48,409	49,181		
2022/23	Upward trend	51,990	51,762	52,232			
Performance Overview - Quarterly Update			Actions to sustain or improve performance				
The number of followers on social media platforms (all accounts) has increased to 52,232 (39,758 Facebook and 12,474 Twitter). Topics which saw the most digital engagement during the quarter included bin collections over the Christmas and New Year period (Facebook post seen by 17,338 people), Warm Lounge in Swadlincote (Facebook post seen by 11,421 people), Christmas lights event (Facebook post seen by 8,075 people).			The increase in the number of fans/followers can be accounted for by continuing to post regular, relevant content about a variety of council services. The Council also continues to share relevant content from national and local partner agencies.				

P3.3B - Increase digital engagement (Twitter, Instagram, Facebook etc)

target - to see an upward trend



Priority: Our People					
P3.4 Investing in our workforce					
Measure and Reference		P3.4A Increase the level of staff engagement		Committee	F&M
Definition		Employee engagement is a combination of commitment to the organisation and its values and a willingness to help colleagues. Employee engagement also focuses on mutual gains in employment relationships, seeking the good of employees (well-being, job satisfaction and so on) and the good of the organisation they work for (performance, motivation, and commitment)		Why this is Important	Employee engagement is a workplace approach resulting in the right conditions for all staff to give of their best each day, committed to the Council's Corporate Plan and values. An engaged workforce supports the achievement of our key priorities.
What Good Looks Like		A year-on-year improvement in relation to the % of employees that indicate positive experience working for the council and positive engagement with the strategic direction of the Council. This measure to be based on a) the response to the annual employee survey and b) the overall number of positive responses to engagement activities.			
History of this Indicator		New indicator – No recent history available			
2019/20 Baseline Data		New Indicator - first survey to take place in 2020			
Reporting Year	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2020/21	No target for year 1	Reported annually in Q4	Reported annually in Q4	Survey postponed until 21-22	Survey postponed 22-23
2021/22	Annual Increase in the % of Staff completing the survey	Survey postponed 22-23	Survey postponed 22-23	254 staff attended staff briefing sessions in September 2021	Target not achieved

2022/23	Proxy – Establish Base Data	Corporate methodology for pulse surveys approved and submitted	246 staff attended staff briefing sessions on Flexible Working Policy in July 2022	182 people responded to staff Flexible Working consultation
Performance Overview - Quarterly Update			Actions to sustain or improve performance	
During Quarter three a consultation was held with staff on the Council's Flexible Working Policy – 182 people responded to the consultation providing useful qualitative data on the impact of the policy on customers and on the work/life balance of staff.			An annual employee survey is due to be held in Autumn 2023.	

Priority: Our People

P3.4 Investing in our workforce

Measure and Reference	P3.4B Number of apprenticeships and expenditure against the apprenticeship levy	Committee	F&M		
Definition	The number of apprenticeships posts or expenditure against the apprenticeship levy is defined as the number of posts established for apprentices or where existing employees can access funding from the apprenticeship levy. This will be a numerical outcome showing a positive increase trend from the previous year.	Why this is Important	To invest in the Council's current and future workforce through the provision of entry level posts and access to further academic qualifications that will support succession planning and build resilience across the Council.		
What Good Looks Like	The purpose of this PI is to see an increased trend over four years leading to full expenditure of the Apprenticeship Levy for a financial year (April – March each year).				
History of this Indicator	In the last financial year (April 2019 to March 2020), we spent approximately 34% of our levy funds (total input into the levy was £27,479, spend was £9,263.11).				
2019/20 Baseline Data	1.2% (4 apprentices)				
Reporting Year	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2020/21	>2.3% of head count	4 (1.2% of head count)	4 (1.2% of head count)	5 (1.5% of head count)	5 (1.5% of head count)
2021/22	>2.3% of head count	3 (0.9% of head count)	6 (1.84% of head count)	6 (1.84% of head count)	6 (1.84% of head count)
2022/23	>2.3% of head count	6 (1.84% of head count)	6 (1.82%. of head count)	7 (1.92% of head count)	
Performance Overview - Quarterly Update			Actions to sustain or improve performance		
A new apprenticeship in Operational Services was appointed in quarter three which takes the total number to 7 apprentices. It is estimated to achieve the target of >2.3% of head count, one more apprentice is required before the end of Quarter 4. Further work is being pursued to increase apprenticeship numbers. Customer Services have recently gained approval for three apprenticeship posts. The introduction of T			Customer Services have gained approval for three apprenticeship posts. Advertising and celebration of apprentices is planned for National Apprenticeship Week in order to further the understanding and appreciation of the advantages of apprenticeships. Further conversations to be had with managers and Heads of Service to identify where posts may		

<p>Levels and re-emergence of face-to-face work experience post-Covid should support the advertisement of apprenticeship opportunities within the Council.</p> <p>Total spend in financial year 2022- 2023: £16,435.56</p> <ul style="list-style-type: none"> • Quarter three spend: £5,362 <p>Total expired levy funds in financial year 2022- 2023: £9,365.78</p> <ul style="list-style-type: none"> • Quarter three expired: £3,356.60 <p>Projected levy available April 2022 to April 2023: £36,445</p> <p>(N.B. this is an estimate and could fluctuate as levy input is dependent on PAYE data). The Councils total fund available including the carried over fund from last year is £70,969.</p>	<p>be better filled by apprenticeships over other routes.</p>
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Priority: Our People

P3.4 Investing in our workforce

Measure and Reference		P3.4C Average number of staff days lost due to sickness	Committee	F&M	
Definition		The measure is designed to monitor the levels of employee absence from work due to ill-health. The target of eight days is in line with targets/performance nationally.	Why this is Important	Reducing the number of absences will provide an indication of the health and wellbeing of the workforce and reduce the impact on service delivery, resulting in savings arising from the payment of Occupational and Statutory Sick Pay and any secondary costs	
What Good Looks Like		To see a downward trend in the average number of working days lost per employee over four years and be in line with the rates for comparable sized district/borough Councils.			
History of this Indicator		This indicator has formed part of the corporate performance indicator set for a number of years. (2018/19 -11.38, 2017/18 -11.63)			
2019/20 Baseline Data		2018/19 - 11.38 days 2019/20 10.65 days			
Reporting Year	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2020/21	Downward trend	3.68	8.01	11.6	12.93
2021/22	Downward trend	2.11	4.79	7.55	10.28
2022/23	Downward trend	2.47	2.02	7.10	
Performance Overview - Quarterly Update			Actions to sustain or improve performance		
<p>The third quarter outturn figure is higher than the previous quarter (2.67 for quarter 3 and 2.02 at quarter 2). Using a straight-line projection the end of year outturn figure is 9.46 days per employee which is 8% lower than the previous year outturn figure of 10.28.</p> <p>The outturn for this quarter 3 is lower than then same quarter last year 2021/22.</p> <p>The number of employees on long term sick has increased during the quarter with action taken to manage current cases and new ones being added. Three employees on long term sickness have returned to work with one of these being redeployed and one is due to retire. All cases are being managed with advice provided by Occupational Health and Human Resources to identify actions that can be completed to enable the employee to return to work as soon as possible.</p> <p>This quarter, the number of days lost to long term absences has exceeded the number of days lost to short term absence.</p>			<p>Monthly reports are provided to Leadership Team and then with Heads of Service. Each service area is responsible for managing cases of absence from work due to ill health with support and advice provided by Human Resources. This includes progressing cases through the Attendance Management Procedure that includes consideration of actions to return employees to work, with support in place if required.</p> <p>Training is provided in attendance management, stress awareness and mental health along with a range of supporting materials made available for managers and employees. Training is also provided in managing absences from work for managers and supervisors.</p> <p>Health and wellbeing interventions will also continue to be made available to staff. This will include the continued promotion of support for mental health conditions through training, videos and materials; raising awareness of the</p>		

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All cases, both long term and short term are being managed in line with the Attendance Management Procedure and each case has a dedicated HR Officer supporting the Manager. Monthly reports on levels of absences, reasons and trends are completed and provided to the Leadership Team.

importance of physical health and reminding all employees to seek support should they need it.

Additional Occupational Health clinics and referrals have been made available to provide professional, independent medical advice on any cases before decisions are taken on the employees continued employment.

Work has continued on progressing new ways of flexible working that will enable services to be delivered in different ways with a clear focus on continuing to meet the needs of customers. The impact on levels of employee attendance is showing a positive trend from 1 July 2022 and this will be kept under review.

Priority: Our People

P3.4 Investing in our workforce

Measure and Reference	P3.4D % of employees that consider that the Council has a positive health and safety culture	Committee	F&M		
Definition	The number of employees that have indicated that the Council has a positive approach to the management of health and safety in the workplace. This will be taken from the annual employee survey and will be expressed as a % of the overall responses.	Why this is Important	The Council has statutory duties under the Health and Safety at Work Act 1974 to ensure the health and safety of the workforce. This measure will indicate how well the statutory duties and other non-statutory activities are being implemented.		
What Good Looks Like	The purpose of this PI is to see an increased trend over four years to indicate the robustness of the Council's Health and Safety Management Framework. Retention of industry recognition of the health and safety management framework – RoSPA Health and Safety Awards.				
History of this Indicator	New indicator – No previous history available				
2019/20 Baseline Data	New Indicator - No baseline data				
Reporting Year	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2020/21	Upward trend	Reported annually in Q4	Reported annually in Q4	Reported annually in Q4	Postponed until early 22/23
2021/22	Upward trend	Postponed until early 22/23	Postponed until early 22/23	Postponed until early 22-23	Postponed until early 22-23
2022/23	Proxy - establish baseline	27 employees trained	N/a	N/a	
Performance Overview - Quarterly Update Support has been provided in relation to the review of the Flexible Working Policy and the health and safety arrangements. During quarter three this has included reviewing the corporate respiratory illness risk assessment, reviewing and monitoring the recorded levels of CO2 in the Civic Offices, supporting with the completion of service and individual risk assessment and the provision of workstation equipment for employees.			Actions to sustain or improve performance The employee survey has been postponed to later in the year. The Health and Safety Action Plan for 2022/23 has been presented to the Health and Safety Committee at its meeting held on 13 April 2022 and is then reviewed quarterly by the Health and Safety Committee. Additional support is to be provided through workplace		

<p>A review of the provision of Soloprotect devices has continued with devices and training provided to staff; supporting Housing with the completion of fire risk assessments in Council properties and the new requirements of the Fire Safety Act 2021; reviewing the arrangements for the provision of Fire Wardens at the Civic Offices; supported the upgrade of the health and safety IT system; completed investigations into incidents; providing professional advice and support with a service proposal on a new service provision; issuing the annual Hand Arm Vibration Syndrome (HAVS) surveillance questionnaire to front line workers and reviewing and updating Health & Safety policies and procedures.</p> <p>Training has continued to be provided for staff. Monthly mandatory health and safety awareness for employees; manual handling, dynamic risk assessment and reversing assistant training for front line workers; Control of Substances Hazardous to Health (COSHH) for cleaning staff and provision of three additional courses as part of a risk management programme in partnership with Zurich.</p>	<p>inspections and audits to higher risk services areas.</p> <p>Monthly mandatory training will continue to be provided with further sessions planned for front line workers in manual handling, reversing and risk assessment.</p> <p>Training is also being planned for the management of contract and contractors; behavioural safety training and inspection regimes.</p>
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Quarter 3, 2022-2023 Chief Executive Risk Register

REF	RISK TITLE & DESCRIPTION	RISK CAUSE	RISK IMPACT	RISK CATEGORY Strategic, Resource Operational Financial Knowledge management Compliance, Partnership	Current Risk Rating (See table below for guidance)			CONTROLS IN PLACE TO MITIGATE THE RISK	Risk Rating after mitigations (See table below for guidance)			FURTHER ACTION REQUIRED	SUMMARY OF CHANGE SINCE LAST QUARTER	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING			
CE1	Economic development partnerships	Failure of economic development partnerships	Leading to an adverse impact on businesses and local economy	Partnership	2	2	4	<ul style="list-style-type: none"> Proactive engagement in partnerships and with individual partners. Commitment of officer time and resources to partnership activities. 	1	2	2	<ul style="list-style-type: none"> Monitoring of projects and performance. 	No change in Q3.	Head of Economic Development and Growth
CE2	South Derbyshire Partnership working	Failure of the South Derbyshire Partnership	Leading to non-delivery of the community's vision and priorities set out in the Community Strategy	Partnership / Strategic	2	3	6	<ul style="list-style-type: none"> Proactive support for partnership. Commitment of officer time and resources to partnership facilitation. Engagement of partners in policy making and project design and delivery. 	1	3	3	<ul style="list-style-type: none"> Monitoring of projects and performance by Strategic Co-ordinating Group. 	No change in Q3.	Head of Economic Development and Growth
CE3	Transfer of responsibility for visitor information provision from Sharpe's Pottery Heritage and Arts Trust to the Council	Interruption of service delivery whilst transferring services to the Council	Leading to associated risk of service disruption	Operational	2	2	4	<ul style="list-style-type: none"> Commitment of officer time and resources. Transformation Project is underway 	1	2	2	Archive risk - The service has been transferred and continues to operate.	Risk to be archived from the register.	Head of Economic Development and Growth
CE4	Effectively manage the election process and canvassing.	Failure of joined up Council approach	Leading to a failed election process	Strategic	2	2	4	<ul style="list-style-type: none"> Elections Project Team in place and meets as necessary with representatives from all services involved. Arrangements in place for an Election to be called at short notice. Arrangements in place for Referenda/By-Elections to be called. 	1	2	2	<ul style="list-style-type: none"> Monitoring of service delivery under review consistently 	No change in Q3.	Head of Legal and Democratic Services

Risk Matrix Template

The table below outlines how the impact and likelihood of the risk is scored using the threshold and description as guidance.

Impact	Very High (4)	4	8	12	16	<div>12-16</div> <div>6-9</div> <div>1 - 4</div> <div> Significant Risk Medium Risk Low Risk </div>
	High (3)	3	6	9	12	
	Medium (2)	2	4	6	8	
	Low (1)	1	2	3	4	
		Remote (1)	Possible (2)	Probable (3)	Highly Probable (4)	
		Likelihood				

Impact	Thresholds and Description
1 – Low	Limited impact on service objectives if any, section objectives unlikely to be met, financial loss less than £10,000, no media attention
2 – Medium	Slight delay in achievement of service objectives, minor injuries, financial loss over £50,000, adverse local media attention, breaches of local procedures
3 – High	Significant threat to Council objectives. Non-statutory duties not achieved, permanent injury, financial loss over £100,000, negative national media attention, litigation expected, serious issues raised through inspection, breakdown of confidence of partners.
4 – Very high	Objectives cannot be delivered. Statutory duties not achieved, death, financial loss over £500,000, adverse national media attention, litigation almost certain, prosecutions, breaches of law, inspection highlights inadequate service, Council unable to work with partner organisation
Likelihood	Thresholds and Description
1 – Remote	May occur only in exceptional circumstances (e.g. once in 10 years)
2 – Possible	Unlikely to occur but could at some time (e.g. once in three years)
3 – Probable (in two years)	Fairly likely to occur at some time or under certain circumstances (e.g. once in two years)
4 – Highly probable (in 12 months)	Will probably occur at some time or in most circumstances (e.g. once in 12 months)

Corporate Risk Matrix

The below table summarises the risk likelihood and impact for risks after controls have been put in place to mitigate the risk.

Impact	Very High (4)				
	High (3)	CE2			
	Medium (2)	CE1, CE3, CE4			
	Low (1)				
		Remote (1)	Possible (2)	Probable (3)	Highly Probable (4)
		Likelihood			

CE1	Economic development partnerships	Failure of economic development partnerships
CE2	South Derbyshire Partnership working	Failure of the South Derbyshire Partnership
CE3	Transfer of responsibility for visitor information provision from Sharpe's Pottery Heritage and Arts Trust to the Council	Interruption of service delivery whilst transferring services to the Council (Quarter three- risk to be archived)
CE4	Effectively manage the election process and canvassing.	Failure of joined up Council approach

Quarter 3, 2022--2023 Corporate Risk Register

REF	RISK TITLE & DESCRIPTION	RISK CAUSE	RISK IMPACT	RISK CATEGORY Strategic Resource Operational Financial Knowledge management Compliance, Partnership	Current Risk Rating (See table below for guidance)			CONTROLS IN PLACE TO MITIGATE THE RISK	Risk Rating after mitigations (See table below for guidance)			FURTHER ACTION REQUIRED	SUMMARY OF CHANGE SINCE LAST QUARTER	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING			
CR1	Universal Credit (UC)	Ongoing changes to the welfare system and Universal Credit impact on resources in Benefits and Customer Services.	Resources allocated to the team are not in line with workload demands.	Financial and Resource	4	1	4	<ul style="list-style-type: none"> The Local Council Tax Reduction Scheme has been redesigned to improve the customer experience and make it easier/more efficient to administer. The new scheme was adopted by the Council in February 2022 and is now in place for 2022-2023. A service review will ensure the team is flexible and can adapt to changes in workload in future years. Following a major system upgrade, improved document management functions, the introduction of a linked CRM system and automation are being explored to increase productivity within the team and improve interaction with customers. Recruitment for the new Technical and Training Officer position will begin in January, followed by a Customer Service Advisor post. We expect both positions to be filled by March. 	2	1	2	Continually monitor the workload and resources allocated to the team.	Mitigating actions updated in Q3 to include the recruitment of the Technical and Training Officer and Customer Service Advisor.	Head of Customer Services
CR2	Fraudulent activities	The possibility of fraud being undetected.	National studies show fraud leads to a significant loss of resources within the Public Sector as a whole.	Financial and Reputational	4	3	12	<ul style="list-style-type: none"> The Council has a Shared Service Arrangement with Derby City Council which supports the delivery of the Council's Anti-Fraud & Corruption Plan, which aims to introduce stronger anti-fraud processes across council tax, business rates, benefits, Right to Buy, social housing, supported accommodation and wider service areas. The unit also delivers fraud awareness training across the Council. This agreement was extended for 2022-2023. Public agencies such as the DWP and HMRC increasingly share data with local authorities on a real-time basis. This allows compliance checks to take place to spot and eliminate the potential for fraud and error in a timely manner. Single Person Discount checks on Council Tax are also regularly undertaken. 	2	2	4	<ul style="list-style-type: none"> The Fraud Unit have an annual work programme which is considered and approved by the Audit Sub-Committee. Outcomes are also reported to the Audit Committee. 	Additional vigilance due to Covid-19 removed from 'further actions required'.	Head of Customer Services
CR3	Procurement Services	Limited resources to enable good quality advice and support for Services.	The Council does not have its own procurement department	Resource	3	3	9	<ul style="list-style-type: none"> The Council is part of a Shared Service Arrangement with other Derbyshire Agencies and has access to a wider pool of resources for support and advice. 	1	3	3	Continue to review the SLA with the Lead Partner.	No change in Q3.	Corporate Resources, Strategic Director

REF	RISK TITLE & DESCRIPTION	RISK CAUSE	RISK IMPACT	RISK CATEGORY Strategic Resource Operational Financial Knowledge management Compliance, Partnership	Current Risk Rating (See table below for guidance)			CONTROLS IN PLACE TO MITIGATE THE RISK	Risk Rating after mitigations (See table below for guidance)			FURTHER ACTION REQUIRED	SUMMARY OF CHANGE SINCE LAST QUARTER	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING			
CR4	Public Building	Ensuring public buildings are safe and have adequate repair budgets to ensure they remain fit for purpose.	Funding available within the budget provisions to deliver the planned maintenance programme.	Financial and Compliance	2	3	6	<ul style="list-style-type: none"> The additional repairs reserve has addressed the risk in the short term. Condition surveys are being undertaken with a view to preparing a planned maintenance programme and comparing estimated costs against available budgets. The safety measures identified within the Covid-19 risk assessments have been implemented. 	2	2	4	<ul style="list-style-type: none"> Continually monitor and review the repair budgets to ensure adequate funding is available for the Planned Maintenance Programme going forward. 	No change in Q3.	Head of Corporate Property
CR7	Payroll Service	There is no additional capacity or expertise within the team to cope with any down time.	Employees and members not receiving payments due is significant.	Resource	4	4	16	<ul style="list-style-type: none"> A report was approved in August 2021 for the approval to look into a new system or provide additional resources. There is a support function for payroll provision available to the Council from the supplier of the payroll software which can be utilised in an emergency. Discussions regarding cover of the payroll service are currently underway with the software supplier to make the detail more formal. 	1	2	3		No change in Q3	Head of Finance
CR9	Transformation Compliance	Committing to already allocated resources or finances of projects outside the annual work programme for ICT and Business Change	The Council has signed up to a Transformation Roadmap which would be adversely affected and not delivered therefore failing the corporate plan target.	Strategic	4	2	8	<ul style="list-style-type: none"> Ensure all Heads of Service are aware of the roadmap and the implications of adding additional projects. Ensure Transformation Steering Group members understand when they are involved in other work how that affects the ability to deliver critical transformation projects. Key TSG members feeding back any discussions or ongoing work relating to unauthorised projects as soon as possible. 	3	2	6		No change in Q3.	Head of Business Change, ICT, Digital

REF	RISK TITLE & DESCRIPTION	RISK CAUSE	RISK IMPACT	RISK CATEGORY Strategic Resource Operational Financial Knowledge management Compliance, Partnership	Current Risk Rating (See table below for guidance)			CONTROLS IN PLACE TO MITIGATE THE RISK	Risk Rating after mitigations (See table below for guidance)			FURTHER ACTION REQUIRED	SUMMARY OF CHANGE SINCE LAST QUARTER	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING			
CR10	Banking and Counterparty Limits	Authorised signatories being unavailable, Internet failure resulting in no access to the bank accounts.	Result in a breach of the approved counterparty limits set by the Council.	Resource	4	3	12	<ul style="list-style-type: none"> Annual leave and meetings of both approvers and administrative functions are monitored by the team to ensure any potential risks are mitigated. 5 administration staff have responsibility for setting up transfers of cash therefore any external internet failure is mitigated by having at least 2 other staff to take over the process. There are 3 approvers for banking transactions, 2 of which are the S151 and Deputy S151 Officers. At least 1 of these officers is always available for approvals. Cash flow forecasts are updated daily, and any known transfers are set up in advance. The risk of the Internet failure is mitigated through risk CR23. 	1	1	1		No change in Q3.	Head of Finance
CR11	Failure of systems external to Finance	The Academy system interfaces data for Housing Benefit, Council Tax and Business Rates daily. The AIM system interfaces cash files daily.	Impacts of Customer accounts and financial statements not being up to date with cash paid and the FMS not including all assets and liabilities resulting in potential qualification of the Financial Statements.	Compliance and reputational	2	3	6	<ul style="list-style-type: none"> An annual maintenance fee is paid to the system providers for system support and disaster recovery. Daily reconciliations of cash are completed by the Finance team to ensure that any failure is recognised immediately. To prevent any reputational issues, a major failure would result in debt collection reminders being delayed. Bank accounts are also reconciled daily, and any missing cash files would be manually transferred into the FMS to ensure the Debtor position is correct. Council Tax, Business Rates and Housing Benefit interface files are reconciled monthly but the processing of the interface files is a manual task so any failure of file generation would be recognised immediately and reported to the IT Helpdesk. An upgrade to the Academy system has taken place. 	1	1	2		No change in Q3.	Head of Finance

REF	RISK TITLE & DESCRIPTION	RISK CAUSE	RISK IMPACT	RISK CATEGORY Strategic Resource Operational Financial Knowledge management Compliance, Partnership	Current Risk Rating (See table below for guidance)			CONTROLS IN PLACE TO MITIGATE THE RISK	Risk Rating after mitigations (See table below for guidance)			FURTHER ACTION REQUIRED	SUMMARY OF CHANGE SINCE LAST QUARTER	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING			
CR12	Government Funding - a reduction in core funding	As a growth area, the Council's proportion of core (Government) funding is heavily reliant on the New Homes Bonus (NHB) and Business Rates, and this has started to reduce.	The Council's core funding was reduced by £418,000 between 2021/22 to 2022/23 and by a further £100,000 in 2023/24. If this trend continues, then the Council will need to review its income and expenditure ahead of the MTFP.	Financial	4	3	12	Financial Planning <ul style="list-style-type: none"> The Council plans its finances over five years for the General Fund and 10 years for the Housing Revenue Account. Its financial target of achieving a minimum level of contingency balance on a rolling five-year basis allows for a planned and timely approach to address any financial difficulties. The Medium-Term Financial Plan (MTFP) is regularly reviewed, updated, and reported to the Finance and Management Committee on a quarterly basis. Current Financial Position <ul style="list-style-type: none"> Overall, the General Fund currently shows a healthy position due to the level of reserves, although the medium-term projection forecasts an increasing deficit in future years as it highlights increasing expenditure to meet the population growth, but a reduction in Government funding. Projected budget deficits could be financed from reserves if required, although this would become unsustainable after 2025/26. The Council has approved that no new revenue spending, over and above that approved by the Council in February 2023, is committed until the medium-term situation becomes clearer. 	4	3	12	The Medium-Term Financial Plan is being kept under review and reported to the Finance and Management Committee on a quarterly basis.	The impact of Covid 19 has been removed from the mitigating actions	Strategic Director, Corporate Resources
CR13	The Economy - the impact of the national economic situation locally.	Rising inflation and a gap in the supply of materials, services, and labour.	Rising costs, the availability of materials and pressure on recruitment and retention.	Financial	4	3	12	Support for Local Businesses <ul style="list-style-type: none"> The Government has provided various funding and support for local businesses and residents to help them overcome the impact of Covid-19 and more latterly, with support for energy bills and the cost of living. Regeneration <ul style="list-style-type: none"> In addition, major residential development has largely continued and following an initial downturn in planning applications in April 2020, they have since shown a strong and sustained upward turn. The Finance and Management Committee approved a new capital investment programme of approximately £4 million on 8 October 2020 which is providing resources for investment in regeneration and community projects. 	3	3	9	Keep under review through quarterly reporting.	No change in Q3.	Strategic Director, Corporate Resources

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REF	RISK TITLE & DESCRIPTION	RISK CAUSE	RISK IMPACT	RISK CATEGORY Strategic Resource Operational Financial Knowledge management Compliance, Partnership	Current Risk Rating (See table below for guidance)			CONTROLS IN PLACE TO MITIGATE THE RISK	Risk Rating after mitigations (See table below for guidance)			FURTHER ACTION REQUIRED	SUMMARY OF CHANGE SINCE LAST QUARTER	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING			
								<p>completed annually by all Officers with access to Council systems and equipment.</p> <ul style="list-style-type: none"> The Council's Data Protection Officer has direct access to the Leadership Team on matters concerning Information Governance. Whilst staff have been working remotely communications have been sent to remind of the dangers of cyber-attacks. The security in place is the same for end users regardless of location therefore hardware and software need no special arrangements in response to COVID working practices, however staff are the first, last, strongest, and weakest chain in our defences. A mandatory Cyber Security e-learning package must be completed annually. A number of procedures and policies are also in place that mandate more secure ways of working such as no use of personal email addresses and devices, information classification and encryption. The Council is currently upgrading its telephone infrastructure to enable full compliance with the Payment Card Industry (PCI) regulations. The implementation of actions to strengthen security and the safeguarding of data subject to PCI, are being monitored by the Audit Sub-Committee. 				the Head of BC&ICT to confirm the % of staff who have completed the E learning training.		
CR16	Business Continuity	Flu Pandemic Fuel Shortage Loss of Buildings ICT Failure	Loss of Service provision	Operational	3	4	12	<ul style="list-style-type: none"> Some aspects of this risk can be transferred as business interruption cover is in place as part of the Council's Property Insurance Policy. Business Continuity and Emergency Plans are in place and regularly reviewed in accordance with the Civil Contingencies Act. The Council buys in support from Derbyshire County Council to ensure that the Council's plans remain up to date. Risk assessments and action plans are in place and resources made available to provide employees with the equipment to work from home wherever possible as well as access to resources to support their physical and mental health and wellbeing. The Council continues to deliver all of its services. This is being undertaken within national guidelines and in conjunction with other agencies in Derbyshire. Guidance is being provided to staff and the public regarding on-going services and to help protect health and well-being. A new Flexible Working Policy was implemented on Friday 1st July. This allows staff to work remotely and at different sites within the needs of customers and the Service. 	4	2	8	<p>Accommodation review being undertaken.</p> <p>Regularly review of the Flexible Working Policy undertaken.</p> <p>Changes agreed by Finance and Management Committee in January and February being implemented.</p>	Updated actions: Changes to flexible working being implemented.	Strategic Director, Corporate Resources

REF	RISK TITLE & DESCRIPTION	RISK CAUSE	RISK IMPACT	RISK CATEGORY Strategic Resource Operational Financial Knowledge management Compliance, Partnership	Current Risk Rating (See table below for guidance)			CONTROLS IN PLACE TO MITIGATE THE RISK	Risk Rating after mitigations (See table below for guidance)			FURTHER ACTION REQUIRED	SUMMARY OF CHANGE SINCE LAST QUARTER	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING			
CR17	Capacity and Resilience	Recruitment/retention of difficult to recruit/retain posts.	The Council will be unable to deliver the key priorities set out in the Corporate Plan and in addition services will be severely impacted upon	Operational	4	3	12	<ul style="list-style-type: none"> Market Value supplements is being explored and a report will be presented to Committee for consideration. Job Evaluation Framework is being reviewed and a report will be presented in 2022/23. 	3	2	6		No change in Q3.	Strategic Director, Corporate Resources
CR18	Terrorism and potentially violent situations	As a public body there is a potential for the Council and its workforce to become a target.	From time to time, members of the workforce do face individual threats while undertaking their duties.	Operational	3	4	12	<ul style="list-style-type: none"> Lone working systems in place including a 'Solo-Protect' warning and call for assistance system. A Potentially Violent Persons Policy and Risk Register are in place. Alarms and warning system in place in the Civic Offices. 	3	3	9	Monitoring and review of systems in place; learn from incidents and near misses.	No change in Q3.	Strategic Director, Corporate Resources
CR19	Statute and Regulation	Failure to meet requirements.	There is no recent evidence to suggest any significant issues; the impact would depend on the nature of the failure.	Compliance	2	3	6	<ul style="list-style-type: none"> This applies to many Council services. In general, the necessary skills and resources are in place to ensure that the Council meets its statutory duties. In addition, the Council's Constitution, policies and procedures aim to support strategic and regulatory delivery. <p>Note: Some aspects of this risk can be transferred as the Council has insurance cover in place. If the failure rises due to an action of an employee during the normal course of their duties, it is covered under the Official Indemnity (accidental or negligent act) or Professional Indemnity (breach of professional duty) Policies.</p>	1	3	3	Keep under review. Continue training and awareness for staff.	No change in Q3.	Strategic Director, Corporate Resources
CR20	Health and Safety	The potential to contravene Health and safety procedure, practice and legislation through non-adherence to safe systems of work, risk assessments and associated work practices.	Serious harm through incidents and near misses	Compliance	4	4	16	<ul style="list-style-type: none"> The Council employs a Health and Safety Officer. All employees are provided with the relevant training and PPE required for their role. An on-going training programme is in place for all staff and for parts of the workforce where there is a greater risk of an accident. Incidents and near misses are logged, reported and reviewed corporately and any major incidents are investigated to review procedures. Risk assessments are regularly undertaken, and procedures updated when necessary. Monthly and quarterly meetings are held to review health and safety performance and compliance. 	3	2	6	Monitoring and review of incidents and near misses.	No change in Q3.	Head of Organisational Development & Performance

REF	RISK TITLE & DESCRIPTION	RISK CAUSE	RISK IMPACT	RISK CATEGORY Strategic Resource Operational Financial Knowledge management Compliance, Partnership	Current Risk Rating (See table below for guidance)			CONTROLS IN PLACE TO MITIGATE THE RISK	Risk Rating after mitigations (See table below for guidance)			FURTHER ACTION REQUIRED	SUMMARY OF CHANGE SINCE LAST QUARTER	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING			
								<ul style="list-style-type: none"> An independent review of the Council's Health and Safety Culture and Behaviour is planned to be completed early 23/24 						
CR21	Managing the environmental impact of incidents across the District	Incidents arising directly from actions by the Council in the provision of its services. For example, an oil spill which contaminates land or water courses	Impacts on environment and economy; increased risk of major events: potential for litigation; reputational damage.	Strategic	2	3	6	<ul style="list-style-type: none"> The Council has plans in place through Emergency Planning to manage the environmental impact of any incidents across the district. The Council is accredited to the prestigious international ISO 14001 standard for Environmental Management. The Council has also declared a "Climate Emergency" and has a Corporate Steering Group to oversee an action plan to reduce the Council's carbon footprint and become carbon neutral as an organisation by 2030. (<i>See Risk below</i>) 	2	2	4	Following the successful external ISO14001 audit in December 2022, three non-conformities and 13 observations were identified. Work is now underway to close all of these.	1. Full ISO14001 systems review completed in October 2022. 2. External ISO14001 audit completed in Dec 2022	Head of Environmental Services
CR22	Climate Emergency	The failure of the Council to achieve carbon neutrality for its operations by 2030 and carbon neutrality for the District by 2050.	Impacts on environment and economy; increased risk of major events: potential for litigation; reputational damage.	Strategic	4	3	12	<ul style="list-style-type: none"> Achievement of the carbon reduction ambitions are mainly vested in our Climate and Environment Strategy and Climate & Environment Action Plan. The Action Plan contains planned and programmed actions and will be reviewed annually. It will quantify the estimated net financial costs and net carbon savings associated with the contents of the Plan. The Plan will calculate the contribution of the Plan to the carbon reduction trajectory, along with the calculated shortfall in carbon reductions. Attaining the targets in the Plan is one of the Corporate Plan Key Performance Indicators. Whilst the action plan has been agreed it does contain several actions where funding has not been committed. The Strategy and Plan have identified the main carbon emissions sources. The Council will be alive to the many and various windfall opportunities for interventions in between the annual Plan revisions where these are considered likely to make significant impacts on reducing emissions. Emerging statute is expected to exert significant influence over the Council's operations and indirect influence in relation to climate change. 	4	3	12	<p>Annual monitoring and review of the Climate and Environment Action Plan. Next Plan Aug 2023</p> <p>Carbon Emissions Report for 2022/23 to be published in Aug 23</p> <p>Three new bids for external funding made in Q3 relating to energy improvement in private housing stock. SDDC housing stock and energy improvement to Civic Way Offices.</p>	Further actions updated to include three new bids for external funding in relation to energy improvement in private housing stock and SDDC housing stock and Civic Way Offices.	Head of Environmental Services

REF	RISK TITLE & DESCRIPTION	RISK CAUSE	RISK IMPACT	RISK CATEGORY Strategic Resource Operational Financial Knowledge management Compliance, Partnership	Current Risk Rating (See table below for guidance)			CONTROLS IN PLACE TO MITIGATE THE RISK	Risk Rating after mitigations (See table below for guidance)			FURTHER ACTION REQUIRED	SUMMARY OF CHANGE SINCE LAST QUARTER	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING			
CR23	Internet Connection	The effects of the internet connection becoming unavailable for a length of time would be a major incident.	Most applications whether they are onsite or hosted will need the Council's internet connection to be active for their use. There is only one ISP in Swadlincote. Therefore, if the cable is damaged or the service is disrupted, no internet connection will be available.	Strategic	2	4	8	<ul style="list-style-type: none"> New RA02 Circuits are being procured which have been specified with a resilient line. Although full resilience isn't proved due to a single supplier, the lines are coming from different exchanges so both would have to be out of service for a total loss of connection. There are options to make some services available over alternative connections, be that personal or business, if needed. Smartphone users can use the mobile data connection to access outlook and teams, etc. 	2	3	6		No change in Q3	Head of Business Change, ICT, Digital
CR24	Technical Resource	The Council relies on a small pool of technical specialists and support operatives to keep the organisation operational	Availability of resource to conduct and support Council meetings. Availability of resource to support day to day operations and projects.		3	3	9	<ul style="list-style-type: none"> The COVID-19 Fund is being used to finance an agency resource. The introduction of the post has offered relief for first line calls and Committee meetings. The agency resource is more expensive than an established post and is not a permanent solution. 	3	2	6	ICT structure will be reviewed in-line with corporate employment and operating model. Continually review and monitor support tickets	No change in Q3	Head of Business Change, ICT, Digital
CR26	Supply Chain	National shortage of drivers to undertake HGV driving. There is fast becoming a global shortage of microchips and some vehicle manufacturers have suspended	Changes to IRS rules have led many agency drivers to take permanent positions. Could potentially impact fleet purchases and the supply of computer equipment.		4	3	12	<ul style="list-style-type: none"> National shortage of HGV drivers/production of new vehicles: Training opportunities for existing employees are still in place. There are five vacant driver posts, with 4 of these being recruited to in Qtr4, 2nd year of driver salary supplement agreed. 	4	3	12	HGV apprenticeships are an option if driver training is not taken up by existing staff. Management is in constant discussions with local agency driver suppliers to secure additional cover. 30 weeks lead period for new RCV's.	The risk cause has been amended in Q3 to remove the EU shortage of coloured plastic. Mitigating actions updated to confirm there are now 5 vacant HGV driver posts with 4 being recruited to in Q4. (Operations)	Head of Operational Services

REF	RISK TITLE & DESCRIPTION	RISK CAUSE	RISK IMPACT	RISK CATEGORY Strategic Resource Operational Financial Knowledge management Compliance, Partnership	Current Risk Rating (See table below for guidance)			CONTROLS IN PLACE TO MITIGATE THE RISK	Risk Rating after mitigations (See table below for guidance)			FURTHER ACTION REQUIRED	SUMMARY OF CHANGE SINCE LAST QUARTER	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING			
		production of new vehicles,						<ul style="list-style-type: none"> Global shortage of microchips: No immediate concerns over purchase of new vehicles, if situation deteriorates then the Team will look to source ex-demonstrator vehicles or nearly new/used vehicles. Short-term hire will also be considered where appropriate. <p>The shortage of semiconductors, a key component part in almost all modern electronics, is having a large effect on production of many products. Cars and computer equipment are high profile products to suffer supply chain problems. The only way to combat this problem in relation to purchase of new equipment is to order early and allow up to six months for delivery. Where practical and financially viable orders can be made before the need arises. A good example could be purchase of a new laptop after members approve the post rather than after the candidate has accepted the post and will be starting in a matter of weeks.</p> <ul style="list-style-type: none"> NOVUS and other contractors have been able to secure alternative supplies/products. The shortage of materials has now translated into an increase in materials prices of between 20-25%. This will likely be reflected in having to renegotiate rates for some repair and maintenance works. SDDC have procured additional repair material provider (Travis Perkins) to provide certainty of supply, higher risk now of skilled labour shortage. New rates have been agreed for repair and maintenance work streams. 				Renegotiation of programmes/rates for major improvement schemes.	<p>No change in Q3 (ICT)</p> <p>Mitigating actions updated to include new supplier Travis Perkins and renegotiation of rates. (Housing)</p>	<p>Head of Business Change, ICT, Digital</p> <p>Head of Housing</p>

REF	RISK TITLE & DESCRIPTION	RISK CAUSE	RISK IMPACT	RISK CATEGORY Strategic Resource Operational Financial Knowledge management Compliance, Partnership	Current Risk Rating (See table below for guidance)			CONTROLS IN PLACE TO MITIGATE THE RISK	Risk Rating after mitigations (See table below for guidance)			FURTHER ACTION REQUIRED	SUMMARY OF CHANGE SINCE LAST QUARTER	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING			
CR27	External audit of the Council's accounts	Increased length in time for the external audit of the Council's accounts.	Making decisions, managing finance challenges, and planning for the future with limited assurance about the underlying financial position.	Financial and Compliance	2	3	6	<ul style="list-style-type: none">The Council's accounts and outturn position is reported annually in July.Annual reporting satisfies stewardship and accountability for public resources.Government returns are completed quarterly and annually giving comparators to previous years, which highlights major discrepancies.	2	3	6	Government/CIPFA recommendations for improvements to the service to be kept under review.	New risk	Head of Finance

Risk Matrix Template

The table below outlines how the impact and likelihood of the risk is scored using the threshold and description as guidance.

Impact	Very High (4)	4	8	12	16	<div><div>12-16</div><div>6-9</div><div>1 - 4</div></div> <div>Significant Risk</div> <div>Medium Risk</div> <div>Low Risk</div>	
	High (3)	3	6	9	12		
	Medium (2)	2	4	6	8		
	Low (1)	1	2	3	4		
		Remote (1)	Possible (2)	Probable (3)	Highly Probable (4)		
		Likelihood					

Impact	Thresholds and Description
1 – Low	Limited impact on service objectives if any, section objectives unlikely to be met, financial loss less than £10,000, no media attention

2 – Medium	Slight delay in achievement of service objectives, minor injuries, financial loss over £50,000, adverse local media attention, breaches of local procedures
3 – High	Significant threat to Council objectives. Non-statutory duties not achieved, permanent injury, financial loss over £100,000, negative national media attention, litigation expected, serious issues raised through inspection, breakdown of confidence of partners.
4 – Very high	Objectives cannot be delivered. Statutory duties not achieved, death, financial loss over £500,000, adverse national media attention, litigation almost certain, prosecutions, breaches of law, inspection highlights inadequate service, Council unable to work with partner organisation
Likelihood	Thresholds and Description
1 – Remote	May occur only in exceptional circumstances (e.g. once in 10 years)
2 – Possible	Unlikely to occur but could at some time (e.g. once in three years)
3 – Probable (in two years)	Fairly likely to occur at some time or under certain circumstances (e.g. once in two years)
4 – Highly probable (in 12 months)	Will probably occur at some time or in most circumstances (e.g. once in 12 months)

Corporate Risk Matrix

The below table summarises the risk likelihood and impact for risks after controls have been put in place to mitigate the risk.

Impact	Very High (4)				
	High (3)	CR3, CR19	CR23, CR27	CR13, CR14, CR18	CR12, CR22, CR26
	Medium (2)	CR7, CR8,	CR2, CR4, CR21	CR9, CR17, CR20, CR24	CR16
	Low (1)	CR10, CR11, CR15	CR1		
		Remote (1)	Possible (2)	Probable (3)	Highly Probable (4)
		Likelihood			

CR1	Universal Credit (UC)	Ongoing changes to the welfare system and Universal Credit impact on resources in Benefits and Customer Services.
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CR2	Fraudulent activities	The possibility of fraud being undetected.
CR3	Procurement Services	Limited resources to enable good quality advice and support for Services.
CR4	Public Building	Ensuring public buildings are safe and have adequate repair budgets to ensure they remain fit for purpose.
CR7	Payroll Service	There is no additional capacity or expertise within the team to cope with any down time so the risk of.
CR8	Payroll Software Contract Expiry	The contract expires in March 2022
CR9	Transformation Compliance	Committing to already allocated resources or finances of projects outside the annual work programme for ICT and Business Change
CR10	Banking and Counterparty Limits	Authorised signatories being unavailable, Internet failure resulting in no access to the bank accounts.
CR11	Failure of systems external to Finance	The Academy system interfaces data for Housing Benefit, Council Tax and Business Rates daily. The AIM system interfaces cash files daily.
CR12	Government Funding	A reduction in core funding
CR13	The Economy	The impact of the national economic situation locally.
CR14	Technology, Data and Security - keeping pace with developments in IT, together with the management and security of data	There is a potential security risk for running outdated or unsupported systems. Employees not following due process in relation to IT and data security
CR15	Technology and Data – quality of performance data.	Inaccurate monitoring and reporting of performance data
CR16	Business Continuity	Flu Pandemic, Fuel Shortage, Loss of Buildings, ICT Failure
CR17	Capacity and Resilience	Service demand and loss of skills
CR18	Terrorism and potentially violent situations	As a public body there is a potential for the Council and its workforce to become a target.
CR19	Statute and Regulation	Failure to meet requirements.
CR20	Health and Safety	the potential to contravene regulations through bad practice.
CR21	Managing the environmental impact of incidents across the District	Incidents arising directly from actions by the Council in the provision of its services. For example, an oil spill which contaminates land or water courses
CR22	Climate Emergency	The failure of the Council to achieve carbon neutrality for its operations by 2030 and carbon neutrality for the District by 2050.

CR23	Internet Connection	The effects of the internet connection becoming unavailable for a length of time would be a major incident.
CR24	Technical Resource	The Council relies on a small pool of technical specialists and support operatives to keep the organisation operational
CR26	Supply Chain	EU shortage of materials to manufacture coloured plastic. National shortage of agency drivers to undertake HGV driving. There is fast becoming a global shortage of microchips and some vehicle manufacturers have suspended production of new vehicles,
CR27	External audit of the Council's accounts	Increased length in time for the external audit of the Council's accounts.

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	16 MARCH 2023	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	CHARLOTTE JACKSON Charlotte.jackson@southderbyshire.gov.uk	DOC: s/finance/committee/2022-23/November
SUBJECT:	REVENUE FINANCIAL MONITORING 2022-23	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendations

- 1.1 That the latest revenue financial position for 2022/23 as detailed in the report is considered and approved.
- 1.2 The updated Medium Term Financial Plan is considered and approved.

2.0 Purpose of the Report

- 2.1 To provide an update on performance against budget for 2022/23.
- 2.2 The report details performance up to 31 January 2023 unless otherwise stated and is an update of income and expenditure for 2022/23.
- 2.3 The report covers both General Fund income and expenditure, an update to the MTFP.
- 2.4 To provide an update on the Council's additional costs due to the COVID-19 pandemic.

3.0 Detail

GENERAL FUND

- 3.1 Apart from Council housing, day-to-day revenue income and expenditure for Council services is accounted for through the General Fund. The net expenditure is financed through the Council's Core Spending Power which includes:
 - General Government Grant
 - Council Tax
 - Retained Business Rates
 - New Homes Bonus [Page 69 of 153](#)

- 3.2 The Base Budget for 2022/23 approved in February 2022 estimated a budget deficit of £972,130. As reported in November, the budgeted deficit was increased to £1,487,213 due to a review of contingent sums and in particular additional provision set-aside for the 2022/23 pay increase. A further update has now been made to exclude previous provisions for Child Care Vouchers (£1,750) Potential Cost of new waste disposal site (£47,560) and Off-Payroll payments (£10,000). Overall, the estimated deficit has now decreased to £1,418,316.

Medium-Term Financial Plan

- 3.3 An update to the Council's medium-term financial position as a result of these changes and the estimated General Fund outturn for 2022/23 is listed within the MTFP in **Appendix 1**. This shows that the General Reserve Balance is now projected to be in deficit of £5.6 million by 2027/28, assuming annual budget deficits will be financed from General Reserves between 2022 and 2027.
- 3.4 The changes to the MTFP have the reserve balance falling into a negative position in 2026/27, to £1.37m which is clearly below the minimum requirement of £1.5 million (surplus). Based on these projections the medium-term financial position needs to be kept under review.

Main Changes to the MTFP

- 3.5 Previously, the MTFP had contingent sums set aside for the administration of childcare vouchers, these costs have been removed as they are absorbed within service budgets.
- 3.6 A provision had been set aside for a number of years for the potential costs of a new waste disposal site, as yet this has not come to fruition and no details of when it will be known therefore this provision has been removed.
- 3.7 In addition, the Council allocated funds for off-payroll payments. The process for establishing liability in regard to off-payroll payments is full immersed within Council policies, therefore a contingency for unforeseen charges is no longer required.
- 3.8 The financial settlement details for 2023/24 are updated as reported to Finance and Management Committee on the 9th February 2023.
- 3.9 A summary of the current MTFP position is listed in the following table.

	Proposed Budget £ 2022.23	Projection £ 2023.24	Projection £ 2024.25	Projection £ 2025.26	Projection £ 2026.27	Projection £ 2027.28
RESERVE BALANCE B/FWD	-14,477,000	-12,228,296	-9,714,732	-6,403,144	-2,571,754	1,377,696
NET SERVICE EXPENDITURE	14,997,635	14,998,222	15,434,159	15,871,367	16,320,887	16,818,788
CONTINGENT SUMS	212,104	1,031,809	992,884	1,150,948	1,155,292	1,317,303
TOTAL PROJECTED SPENDING	15,209,739	16,030,031	16,427,043	17,022,316	17,476,179	18,136,091
TOTAL FINANCING	-13,791,424	-14,032,466	-13,630,455	-13,712,426	-14,054,729	-14,407,641
CAPITAL CONTRIBUTIONS	830,388	516,000	515,000	521,500	528,000	521,500
DEFICIT FOR THE YEAR	2,248,704	2,513,564	3,311,588	3,831,390	3,949,450	4,249,950
RESERVE BALANCE C/FWD	-12,228,296	-9,714,732	-6,403,144	-2,571,754	1,377,696	5,627,645

3.10 Contingent sums held within the MTFP for 2022/23 are detailed in the following table.

Operational Services Growth	146,652
Land Charges Service Review Provision	116,000
Public Sector Audit Appointments - Additional External Audit Fees	20,000
Drakelow Concurrent Functions	2,185
Operating Licence Inspection Pit	60,000
Driver and Mechanic Incentive Payment	47,722
Route Optimisation Potential Project Delay	59,634
Local Plan Review	15,000
Pension Earmarked Reserve Drawdown	-43,589
Investment Income	-275,000
Insurance Tender	-146,500
	2,104

Position as at January 2023

3.11 A summary of the financial position for the year 2022/23 compared to the Base Budget for each Policy Committee is shown in the following table.

COMMITTEE SUMMARY

Summary by Policy Committee

REVENUE	ANNUAL			RESERVES	
	Full Year	Projected	Projected	Net effect	
	Budget	Actual	Variance	Earmarked	on GF
	£	£	£	£	£
Environmental and Development Services	6,650,036	7,097,610	-447,574	49,180	-496,754
Housing and Community Services	2,896,360	2,680,665	215,695	62,040	153,655
Finance and Management	6,524,412	3,481,638	2,999,147	2,443,178	555,969
TOTAL	16,070,808	13,259,913	2,767,268	2,554,398	212,870

3.12 The above table shows that net expenditure is expected to be £2,767,268 less than budget. However, transfers to Earmarked Reserves of £2,554,398 due to grant and recycling income, together with external contributions in Community Services for projects and capital schemes which stretch beyond the current financial year, are required. This funding is transferred to specific reserves and drawn down to finance expenditure when it is incurred.

3.13 The figures are also adjusted for income and expenditure associated with Section 106 contributions. Excluding transfers to specific reserves, the above table shows that based on current spending, there is a projected decrease in overall expenditure across General Fund services of approximately £212,870.

3.14 An analysis by the main service areas is shown in the following table.

COMMITTEE SUMMARY - BUDGET MONITORING JANUARY 2023

Summary by Service Area

REVENUE	ANNUAL			RESERVES	
	Full Year	Projected	Projected	Earmarked	Net effect on GF
	Budget £	Actual £	Variance £		£
Economic Development	367,555	388,445	-20,890	-63,311	42,421
Environmental Services	842,838	1,027,991	-185,154	-23,947	-161,207
Highways & Parking	55,996	70,413	-14,417	0	-14,417
Licensing & Land Charges	27,849	35,380	-7,530	0	-7,530
Planning	697,909	771,646	-73,738	-132,562	58,824
Street Scene	1,345,355	1,261,876	83,480	0	83,480
Waste & Transport	3,312,534	3,541,858	-229,324	269,000	-498,324
Community Development & Support	730,919	716,429	14,490	-32,885	47,375
Recreational Activities	180,581	181,408	-827	0	-827
Leisure Centres & Community Facilities	771,453	736,221	35,232	67,327	-32,095
Parks & Open Spaces	668,433	804,651	-136,218	-200,924	64,706
Private Sector Housing	544,974	241,956	303,018	228,522	74,496
Central Support Services	4,418,636	4,441,063	-22,426	-116,276	93,849
Corporate & Democratic Costs	569,395	542,798	26,597	0	26,597
Elections & Registration	232,013	154,764	77,248	0	77,248
Parishes, Interest, S106 Receipts & Provisions	797,961	-1,917,831	2,715,792	2,432,938	282,854
Estate Management	-238,225	-295,957	57,732	45,500	12,232
Revenues & Benefits	744,632	600,428	144,204	81,015	63,189
	16,070,808	13,303,540	2,767,268	2,554,398	212,871

3.15 The main reasons for the projected variance are summarised in the following table and detailed in the commentary.

GENERAL FUND VARIANCE TO BUDGET January 2023

	£'000
Salary savings (vacancies, maternity etc.) - E&D	891
Salary savings (vacancies, maternity etc.) - F&M	422
Salary savings (vacancies, maternity etc.) - H&C	103
Total Employee	1416
Investment income	285
Vehicle Hire	143
Additional Trade Waste Income	85
Fees	55
Derbyshire County Council Contributions	49
Training	35
Benefits Processing	23
Grants	21
Elections	20
Tools & Equipment	14
Printing	11

Maintenance	11
Annual Canvas	8
Turnover Rent	7
Service Charges	7
Additional Test and Trace Admin Funding	7
Other Variances (Net)	6
Subscriptions	4

Total Favourable Variances 2,205

Agency	-918
Spare Parts	-381
Fuel	-142
Kennelling	-176
Recruitment Fees	-120
Gulley Hire	-70
Tools /Materials/Equipment Hire	-41
Oil/Grease	-33
Utilities	-23
Waste Collection	-38
Prof Fees	-12
Repairs	-8
Events	-14
Postage	-10
Contract Cleaning	-7

Total Adverse Variances - 1,992

TOTAL - OVERALL PROJECTED VARIANCE 213

3.16 Salary savings in year relate to vacancies but these savings are being offset by agency and consultancy to support services. The following table shows the expected costs and savings on staffing in year.

	Employee £'000	Agency £'000	Variance £'000
Recycling	177	-315	-138
Street Scene	275	-74	201
Planning	45	-2	43
Direct Services Administration and Management	145	-97	48
Legal	55	-15	40
Land Charges	67	-67	-1
Revenues and Customer Services	68	-59	9
Economic Development	53	-24	29
Waste and Transport	73	-212	-139
Property and Public Buildings	38		38
Democratic	18	-13	5
Organisational Development	38		38

Rosliston	17		17
Caretaking	21	-3	18
Environmental	49	-25	24
Community Centres	31	-5	27
Licensing	8		8
Business Change & Digital	54		54
Senior Management	58	-7	51
Finance	25		25
Election	48		48
Grant Administration	4		4
Events Management	9		9
Private Housing	42		42
	1,416	-918	498

Favourable Variances

- 3.17 Investment income continues to perform well due to the increases in the Bank of England base rate. Temporary loan percentages have at least doubled in recent months, as previously dealt temporary loans repay, new market rates offered for reinvestment are producing a significantly higher yield. The outturn prediction is prudently based on interest rates levelling off and is has potential to exceed the £285K favourable variance. Further information is detailed in the Treasury Monitoring Report.
- 3.18 Savings on vehicle hire in recycling, due to the procurement of used vehicles is providing a favourable variance of £275K which is currently offsetting the costs being incurred in Household Waste and due to a number of broken-down vehicles (£381k).
- 3.19 Contributions from Derbyshire County Council are higher than budget on waste disposal due to higher levels of green waste and recycling. The favourable variance has been reduced due to a reduction in the quarter 3 tonnages to the previous year. It is considered prudent to alter the prediction to the preceding quarters.
- 3.20 Income from Trade Waste collections (£85K) is exceeding budget. This is not expected to alter at this stage but is being kept under review considering potential business failures due to the economic downturn and the possibility of a recession.
- 3.21 Fee income has performed better than budget in several service areas increasing the overall variance by (£41k) from the previous quarter. The main services achieving higher incomes are Cemeteries and Pollution reduction.
- 3.22 Training budgets previously expected to be fully spent are now identified as savings (£35k) in various service areas. Vacant posts remaining unfilled have accounted for scheduled training not taking place.
- 3.23 The favourable variance on Benefits Processing (£23k) is due to the approval of the Customer Services restructure in August 2022. The savings will fund the additional staff in Customer Services with benefit processing costs being funded from reserves.
- 3.24 It is highly unlikely that a Bi-election will occur before year end therefore a saving of £20k has been identified as a saving.
- 3.25 Printing is continuing to show a favourable variance, with introduction of flexible working and the Councils commitment to achieve zero carbon this is not expected to change.

Adverse Variances

- 3.26 Fuel and Oil costs are difficult to predict. The adverse variance has reduced by £37k from the previous quarter due to a drop in prices. The variance is based on fuel prices remaining at this level for the remainder of the year. There is a provision within the MTFP for the additional costs from the Route Optimisation Project delay, however the adverse variance reflects estimated costs due to the volatile market conditions. This will be reviewed throughout the year, with updates to changes in the expected outturn reported to Committee.
- 3.27 Spare part costs are predicted to have an adverse variance of £381K by the year end, the costs have increased from quarter two due expensive repairs to bin lifts and labour charges incurred from Dennis Eagle, covering the HGV Mechanic vacancy and sickness. Although these costs are offset by vehicle hire as detailed in 3.18 an overall adverse variance of £106k is predicted.
- 3.28 The age of the fleet and in particular the pre-owned vehicles are contributing to the increase costs of spare parts. Also, due to the recruitment and retention issues relating to vehicle mechanics additional costs for the skilled labour are being incurred. Mitigation plans are in place, with options to hire vehicles rather than repair older ones and recruitment options are being explored to fill vacant positions.
- 3.29 Recruitment fees are projected to be overspent due to the specialist recruitment of the Leadership team and previous Head of Service roles earlier in the year. The variance of £120k provides for costs for the recruitment of the Chief Executive and the Strategic Director (Corporate Resources).
- 3.30 Kennelling fees have declined however they are continuing to be above budget, additional expenditure in the last quarter of £36k, relates to a large seizure of puppies incurring vets fees and the need to be housed until they were 8 weeks old. Many animals are now being fostered reducing kennelling fees and time scales for rehoming, but these costs remain unstable,
- 3.31 Following the arrival of the new Gully Cleaner the adverse variance of £54k was expected to remain static, due to a recent breakdown we now predict the cost will increase by £16k due to the hire of a sweeper.
- 3.32 The overspend on utilities has reduced by £10k from the previous quarter due to actual meter readings from the Civic Offices and the Depot being lower than anticipated.
- 3.33 Repairs have moved from a favourable variance to adverse variance (£8k) due to emergency repairs at Rosliston, and repairs to the swimming pool at Etwall.

Risk Areas

Recycling Contract

- 3.34 Although the recycling contract performed well in 2021/22 past performance in no guarantee of future performance, but it is hoped that the continued growth in performance in recycling will remain and result in a benefit longer-term to the General Fund. The earmarked reserve of £500k has been set aside as future protection against a fall in prices. An additional £50,000 provision is within the MTFP.

Quarter 3	Tonnes	£
Mixed papers	630.24	-34,788
Aluminium cans	23.38	-23,580
Steel cans	71.13	-9,114
Clear blue PET	64.09	-29,715
HDPE natural	2482.26	-18,250
Other plastics (PTT)	95.75	-3,079
Plastic Film	6.77	70
Hard Plastics	3.54	-355
Mixed Glass	817.67	-6,541
General waste	221.68	25,686
Lets Recycle Income Generation		-99,668

3.35 As seen above, income on materials for the third quarter of 2022/23 performed well although from September there has been reduction in prices relating to plastics, but paper and cans have increased compensating for the reduction. General waste costs have increased, methods of decreasing contaminated waste are being investigated to reduce these costs. To ensure the recycling costs are kept within the approved budget of £920k, an income of approximately £400k needs to be generated in the year. The income shown above is counting towards the target of £400k, future income generation relies on the rates per tonne staying consistent this is closely monitored for fluctuations in the market.

3.36 It is intended to update the Committee each quarter with details of the recycling contract identifying any risks and potential benefits.

Vacancies

3.37 As can be seen at the table in 3.16, there are a significant number of vacant posts within the General Fund. Whilst a number of these are in the process of being recruited, there are areas where significant costs in the form of agency staff are being incurred to support services.

3.38 The main financial risk to note is that due to the current economic climate, there are vacant roles within service areas that may be difficult to recruit into due either to a shortage of candidates or market salary levels being greater than the Council's core evaluated pay structure.

3.39 This is an area being kept under review by the Leadership Team. Work on proposals to support recruitment and retention is in progress and a separate report will be presented to the Committee in 2023.

COVID-19 Funding

3.40 The Government are not due to issue any more additional funding to assist with additional expenditure due to the Pandemic.

3.41 A carry forward of £181k into 2022/23 was approved as part of the outturn report in July 2022.

3.42 The following table shows the carry forward from 2021/22 and the expected expenditure during 2022/23.

COVID Spending	
	£
Bought Forward 2022/23	-180,867
Total Funding	-180,867
Discretionary Grant Awards (funds committed)	72,722
Total Funding to Spend	-108,145
ICT and Home Working	48,033
Agency	20,837
Sofphone Licences for Home Working	11,568
Cleaning of Public Buildings	7,415
Cleaners Overtime for Cleaning Regime	3,633
New Software for CARF Scheme	2,000
Hygiene Screens at Rosliston	1,199
Teams Room Setup	1,150
Committee Sound System and Chairs	560
CO2 Detectors	520
Public Notices	160
Vehicle Hire	-152
Total Spending to 31st January 2023	96,923
Remaining Funding	-11,222

3.43 Expenditure as noted above is a prediction of potential costs in 2022/23.

3.44 The cleaning regime currently in place in Public Buildings is expected to continue for the remainder of the year.

3.45 Following the introduction of the flexible working policy employees have required additional equipment to be set up to allow home working and office working, providing the same equipment for each workspace.

3.46 New equipment has been provided in Committee Rooms to allow for meetings to take place with the dial in facilities available.

3.47 CO2 detectors have been installed around the offices to detect areas where Co2 levels reach an unacceptable amount.

3.48 A credit amount for Recycling is now sitting within the summary table due to an over accrual at the year-end for the previous contract. This in effect was a bigger draw down than required in 2020/21 and is to be rectified in 2021/22. The same relates to the agency credit amount.

Core Grants and Funding

3.49 The Council's central funding, besides Business Rates, is fixed for the year and is shown in the following table:

Core Grants and Funding 2022/23	£
Council Tax	6,346,143
Retained Business Rates	3,795,025
Lower Tier Services Grant	291,393
New Homes Bonus	3,018,486
Service Grant Allocation	173,984
Collection Fund Surplus – Council Tax	166,393
Total Funding	<u>13,791,424</u>

3.50 The final amount retained for Business Rates will depend upon income and expenditure during the year, which includes provisions and any return from the Derbyshire Business Rates Pool.

3.51 Performance of the Pool is reported quarterly to all Derbyshire S151 Officers, but nothing has yet been reported on the second quarter performance.

4.0 Financial Implications

4.1 Detailed in the report.

5.0 Corporate Implications

Employment Implications

5.1 None.

Legal Implications

5.2 None.

Corporate Plan Implications

5.3 There are no specific targets within the Corporate Plan but ensuring sustainability of the Council's financial position enables services to deliver targets included in the Plan.

Risk Impact

5.4 Financial risks and service pressures are detailed in the report.

6.0 Community Impact

Consultation

6.1 None.

Equality and Diversity Impact

6.2 None.

Social Value Impact

6.3 None.

Environmental Sustainability

6.4 None.

7.0 Background Papers

7.1 None.

GENERAL FUND MEDIUM TERM FINANCIAL PLAN

BUDGET & PROJECTION MARCH 2023

	Proposed Budget £ 2022.23	Projection £ 2023.24	Projection £ 2024.25	Projection £ 2025.26	Projection £ 2026.27	Projection £ 2027.28
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BASE BUDGET

Environmental & Development	6,650,036	6,789,905	7,008,047	7,218,291	7,432,356	7,666,486
Housing & Community	2,896,360	2,955,287	2,986,459	3,039,009	3,095,825	3,157,535
Finance & Management	6,524,412	6,429,329	6,641,575	6,824,067	7,008,887	7,216,881
Net Service Expenditure	16,070,808	16,174,521	16,636,081	17,081,367	17,537,068	18,040,902

Accounting Adjustments

Reverse out Depreciation	-1,268,382	-1,364,523	-1,364,523	-1,364,523	-1,364,523	-1,364,523
Minimum Revenue Provision (MRP)	174,654	167,668	160,962	154,523	148,342	142,408
Voluntary Revenue Provision (VRP - Recycling Bins & Grove Active Zone)	20,556	20,556	1,639	0	0	0
	14,997,635	14,998,222	15,434,159	15,871,367	16,320,887	16,818,788

Add: Known Variations

Vehicle Maintenance Plan (Tyres and Spare Parts)	0	25,000	30,000	40,000	55,000	75,000
Operational Services - Allocated Growth Excluded from Base Budget	146,652	382,329	160,367	164,376	168,486	172,698
Growth Provision Drawdown	0	-172,294	0	0	0	0
Land Charges Service Review Provision	116,000	0	0	0	0	0
Public Sector Audit Appointments - Additional External Audit Fees	20,000	20,000	20,000	20,000	20,000	20,000
Drakelow Concurrent Functions	2,185	0				
Operating Licence Inspection Pit	60,000	0	0	0	0	0
Parish Concurrent Functions and Grants to Voluntary Bodies	0	10,885	11,103	11,325	11,551	11,782
Driver and Mechanic Incentive Payment	47,722	34,722	0	0	0	0
Route Optimisation Potential Project Delay	59,634	0	0	0	0	0
Local Plan Review	15,000	15,000	0	0	0	0
Potential pay award	0	457,181	468,610	480,326	492,334	504,642
Members Pay award 2022/23	0	17,927	0	0	0	0
Incremental Salary Increases	0	18,425	6,671	2,253	0	0
Investment Income	-275,000	-150,000	-125,000	-100,000	-100,000	-100,000
Potential Loss of Industrial Unit Income	0	0	0	210,000	210,000	210,000
Increase in Electricity Tariff September 2023 to September 2024	0	74,000	74,000	0	0	0
Pension Valuation 2023/24	0	109,430	109,430	109,430	109,430	109,430
Legal & Democratic Restructure	0	38,487	39,449	10,095	10,347	10,606

Pension Earmarked Reserve Drawdown	-43,589	-6,783	0	0	0	0
Insurance Tender	-146,500	0	0	0	0	0
District Election May 2023	0	0	0	0	0	125,000
TOTAL ESTIMATED SPENDING	14,999,739	15,872,531	16,228,789	16,819,172	17,298,035	17,957,946

GENERAL FUND MEDIUM TERM FINANCIAL PLAN BUDGET & PROJECTION FEBRUARY 2023

	Proposed Budget £ 2022.23	Projection £ 2023.24	Projection £ 2024.25	Projection £ 2025.26	Projection £ 2026.27	Projection £ 2027.28
Provisions						
Contingent Sum - Growth	160,000	105,000	143,254	143,144	113,144	113,144
New Parishes - Concurrent Functions	0	2,500	5,000	10,000	15,000	15,001
Waste and Recycling	50,000	50,000	50,000	50,000	50,000	50,000
TOTAL PROJECTED SPENDING	15,209,739	16,030,031	16,427,043	17,022,316	17,476,179	18,136,091

FINANCING

Business Rates Retention	-3,795,025	-4,000,000	-4,000,000	-3,750,000	-3,750,000	-3,750,000
Services Grant Allocation	-173,984	-100,000	0	0	0	0
Lower Tier Services Grant Allocation	-291,393	0	-2,700,000	-2,700,000	-2,700,000	-2,700,000
New Homes Bonus	-3,018,486	-1,500,000	0	0	0	0
Funding Guarantee	0	-1,800,000	0	0	0	0
Council Tax Income	-6,346,143	-6,577,466	-6,875,455	-7,207,426	-7,549,729	-7,902,641
Core Spending Power	-13,625,031	-13,977,466	-13,575,455	-13,657,426	-13,999,729	-14,352,641
Add Estimated Collection Fund Surplus - Council Tax	-166,393	-55,000	-55,000	-55,000	-55,000	-55,000
TOTAL FINANCING	-13,791,424	-14,032,466	-13,630,455	-13,712,426	-14,054,729	-14,407,641
Revenue Surplus (-) / Deficit	1,418,316	1,997,564	2,796,588	3,309,890	3,421,450	3,728,450

Capital Contributions

IT and Digital Strategy	160,000	160,000	160,000	166,500	173,000	166,500
Purchase of Town Centre Land	44,335	0	0	0	0	0
Community Partnership Scheme	219,053	0	0	0	0	0
Rosliston Forestry Centre - Play Project	50,000	0	0	0	0	0
Asset Replacement and Renewal Fund	357,000	356,000	355,000	355,000	355,000	355,000
TOTAL CAPITAL CONTRIBUTION	830,388	516,000	515,000	521,500	528,000	521,500

TOTAL GENERAL FUND DEFICIT

2,248,704

2,513,564

3,311,588

3,831,390

3,949,450

4,249,950

GENERAL FUND RESERVE BALANCE

	-	-	-	-		
Balance b/fwd	14,477,000	12,228,296	9,714,732	6,403,144	-2,571,754	1,377,696
Revenue Surplus (-) / Deficit	1,418,316	1,997,564	2,796,588	3,309,890	3,421,450	3,728,450
Capital Contributions	830,388	516,000	515,000	521,500	528,000	521,500
Balance c/fwd	-12,228,296	-9,714,732	-6,403,144	-2,571,754	1,377,696	5,627,645

ENVIRONMENTAL & DEVELOPMENT SERVICES - BUDGET MONITORING JANUARY 2023

SUMMARY OF PERFORMANCE

	Full Year			RESERVES		
	Budget	Projected Actual	Variance	Earmarked	General Fund	
	£	£	£	£	£	
Tourism Policy, Marketing & Development	78,263	137,574	-59,311	-59,311	-0	
Promotion and Marketing of the Area	279,292	236,871	42,421		42,421	Fav pay £52.7k, printing £8.6k, event spending £3.5k; Adv agency £23.6k
Community Development	10,000	14,000	-4,000	-4,000	0	
	367,555	388,445	-20,890	-63,311	42,421	
Food Safety	72,945	89,951	-17,006		-17,006	Adv £4k salaries, £13k income fees
Pollution Reduction	411,242	382,147	29,096		29,096	Fav £21k salaries, £10k fees income, adv £2k training
Pest Control	18,520	15,487	3,032		3,032	Fav £6.5k salaries, £1.5 materials, adv £5k income
Public Health	0	0	0		0	
Public Conveniences	25,113	26,941	-1,828		-1,828	Adv utilities
Community Safety (Safety Services)	202,866	377,366	-174,500		-174,500	Fav £25k salaries, £1.5k training, Adv £25k agency fees, £176k professional fees re Kennelling
Environmental Education	110,352	134,299	-23,947	-23,947	-0	
Welfare Services	1,800	1,800	0		0	
	842,838	1,027,991	-185,154	-23,947	-161,207	
Environmental Maintenance (Other Roads)	-70,557	-70,557	0		0	
Public Transport	29,302	36,402	-7,100		-7,100	Adv £12k shelter maintenance and repairs
Off-Street Parking	97,251	104,568	-7,318		-7,318	Adv professional fees

	55,996	70,413	-14,417
Local Land Charges	6,055	11,305	-5,250
Licensing	21,794	24,075	-2,281

	27,849	35,380	-7,530
Emergency Planning and Works	16,000	16,000	-0
Building Regulations	35,200	35,200	-0
Dealing with Development Control Applications	328,955	461,518	-132,562
Structure and Local Planning	321,713	266,081	55,632
Street Name & Numbering	-3,959	-7,152	3,193

	697,909	771,646	-73,738
Grounds Maintenance	769,777	694,797	74,979
Street Cleansing (not chargeable to highways)	575,579	567,079	8,500
	1,345,355	1,261,876	83,480

Household Waste Collection	1,698,815	1,860,314	-161,500
Trade Waste Collection	-98,559	-123,559	25000.58
Recycling	482,762	72,086	410,675
Direct Services Central Admin	374,735	326,736	48,000
Transport Services	854,781	1,406,281	-551,500

3,312,534 **3,541,858** **-229,324**

6,650,036 **7,097,610** **-447,574**

	0	-14,417
	-5,250	Fav pay £66.5; Adv agency £67.2k, Fees £4.3k
	-2,281	Fav pay £7.9k, mileage £1k, Prof fees £2.4k, Computing maintenance £1.2k, New burdens £4.2; Adv fees £19.5k

	0	-7,530
	-0	
	-0	
-132,562	-0	FAV Sal £135k, Training £1k, Microfilming £4k, Planning Apps £178k, ADV Agency £436k, Adv £6k, Non-staff Adv £3k, Computing £5k
	55,632	FAV Sal £45k, Gov Grants £12k, ADV Adv £2k
	3,193	Fav fees

	-132,562	58,824
	74,979	Fav £118k salaries, £2k agency, adv £3k grass cutting fees, £40k equipment, £2k materials
	8,500	Fav £157k salaries, adv £72k agency, £70k sweeper & gulley hire, £1k tools and equip - hire (additional standpipe hire for Gulley), £5.5k materials (inc replacement brushes for sweeper)
	0	83,480

	-161,500	Fav £59k salaries, £22.5k fees, £129k recycling disbursements, Adv £165k agency, £132k hire of vehicle, £75k DCC income
	25,001	Fav £68k income, Adv £38k waste collections, £5k recycling disbursements
269,000	141,675	Fav £177k salaries, £275k hire of vehicles, £2k professional fees, £4k waste management Adv £315k agency, £1.5k parking,
	48,000	Fav £145k salaries, adv £97k agency
	-551,500	Fav £14k salaries, £17k transport recharge, adv £47k agency, £1.5k petrol, £140k diesel, £13k oil grease, £381k spare parts

269,000 **-498,324**

49,180 **-496,754**

SUMMARY OF PERFORMANCE

	Full Year			RESERVES		
	Budget £	Projected Actual £	Variance £	Earmarked £	General Fund £	
General Grants, Bequests & Donations	314,123	301,326	12,797		12,797	Fav pay £3.7k, grants 8.8k
Community Centres	214,446	192,325	22,121	-10,800	32,921	Fav pay £31.4k (HOS vacant), car Allowances £0.7k, Training £0.5, Furniture £2.3k, Fees £1.3k; Adv agency £4.6k
Community Safety (Crime Reduction)	140,910	162,994	-22,085	-22,085	0	
Defences Against Flooding	59,303	58,153	1,150		1,150	Fav car allowances £561, Prof fees £751
Market Undertakings	2,138	1,631	507		507	Fav utilities £657, Fees £304; Adv prof fees £450
	730,919	716,429	14,490	-32,885	47,375	
Arts Development & Support	15,040	12,319	2,721		2,721	Fav room hire £1.2k, tools & Equip £750, Prof Fees £5.4k, Printing £100; Adv income £2k, Equipment hire £1.7k, Advertising £650
Events Management	124,297	129,397	-5,100	-5,100		Fav pay £8.8k, prof fees £1.4k, civic functions £0.7k; Adv tools & equipment £5.1k, sponsorship income £2.6k, fees £6.7k, xmas £1.2k
Midway Community Centre	34,256	32,580	1,676		1,676	Fav utilities £2.3k, cleaning £250; Adv R&M £1.3k
Stenson Fields Community Centre	6,988	7,113	-125		-125	
	180,581	181,408	-827	0	-827	
Melbourne Assembly Rooms	32,460	32,453	6		6	
Get Active in the Forest	34,453	10,424	24,029	24,029	-0	
Sports Development & Community Recreation	185,935	151,466	34,470	34,470	-0	
Indoor Sports & Recreation Facilities	497,336	554,837	-57,500	-25,400	-32,100	Adv repairs £24.4k, Prof fees £5.8k TPP £1.9k
Outdoor Sports & Recreation Facilities (SSP)	0	-34,565	34,566	34,566	-0	
Play schemes	21,269	21,606	-338	-338	0	
	771,453	736,221	35,232	67,327	-32,095	
Allotments	-799	1,166	-1,965		-1,965	Adv £2k Grounds maintenance
Rosliston Forestry Centre	310,654	272,072	38,581		38,581	Fav pay £17.2k (dep manager), Repairs £17k (lease negotiations - minimal repairs), grounds £5.8k, refuse £2.6k, tools £3.7k, prof fees £2.4k, fees £26k; Adv utilities £9.1k, oil £19.7k, contract cleaning £6.8k
Cemeteries	20,247	-7,665	27,913		27,913	Fav fees, R&M/Grounds £5.5k
Closed Churchyards	7,608	7,431	177		177	

Parks and Open Spaces	330,723	531,647	-200,924	-200,924	-0	
	668,433	804,651	-136,218	-200,924	64,706	
Housing Standards	99,790	96,246	3,544		3,544	Fav £3.5k income from FPN's
Housing Strategy	102,327	54,155	48,173		48,173	Fav Sal £42k, Training £3.7k, Prof Fees £2.5k
Administration of Renovation & Improvement Grants	61,466	56,580	4,886		4,886	Fav Recharge Architectural
Bed / Breakfast Accommodation	6,500	546	5,954	5,954	0	Fav Income £77k, ADV Accommodation costs £57k, Temp acc. £14k
Pre-tenancy Services	239,321	16,753	222,568	222,568	-0	FAV Sal £37.7k, Training £2k, Subs £3k, Gov grants Income £277k, ADV Agency £92k, Grants £5k
Other Housing Support Costs (GF)	35,569	17,676	17,894		17,894	Fav Computing £13k, Income £4.7k
	544,974	241,956	303,018	228,522	74,496	
	2,896,360	2,680,665	215,695	62,040	153,655	

SUMMARY OF PERFORMANCE

	Full Year			RESERVES		
	Budget £	Projected Actual £	Variance £	Earmarked £	General Fund £	
Business Change	111,582	71,308	40,274		40,274	Fav pay £31.2k, training £1.5k, materials £500, computing £5k, training £2.4; Adv advertising £1k
Digital Services	180,623	208,606	-27,983	-54,026	26,043	Fav pay £23.2k, Computing £1k, Advertising £1k, printing £2.1k, training £1k; Adv prof fees £2.5k
Caretaking	156,303	134,358	21,945		21,945	Fav pay £20.9k, DCC service Charge £6.8k; Adv car allowances £2.1k (not budgeted), void cleaning £600, advertising £600, agency £3k
Senior Management	471,253	526,236	-54,983		-54,983	Fav £58k salaries, £2k TPP, Adv £106k recruitment fees covering Head of Operational Services and Head of Cultural Services, Strategic Directors and Chief Exec, £2k for Head of Customer Services advertisement, £7k agency (Heidi Secondment)
Financial Services	422,423	331,423	91,000	40,500	50,500	Fav £25k salaries due to vacancies, £6.5k training, £1k subscriptions, £70k professional fees, adv £12k recruitment fees
Internal Audit	113,373	116,395	-3,022		-3,022	Adv £3k professional fees re CMAP Partnership Contribution
Merchant Banking Services	68,075	68,075	-0		-0	
ICT Support	778,097	710,867	67,230	67,230	-0	Fav pay £6.9k, prof fees £57k, Phones £3.4k; Adv Computing £1.5k
Legal Services	283,535	233,378	50,157		50,157	Fav pay £54.9k, Fees £7k, Training £2.5 Pro fees £700; Adv agency £15.4k
Performance & Policy	39,817	39,126	692		692	Fav training £1k
Personnel/HR	396,375	424,000	-27,625	-10,250	-17,375	Fav pay £27.6k; Adv Computer licences £28.6k, Medical fees £6.1k, Pro fees £11k
Communications	84,496	78,338	6,158		6,158	Fav pay £5.2, General licences £0.8
Customer Services	536,993	603,316	-66,323	-22,576	-43,748	Fav pay £9.5k, Computing £18.3k, Stationery £1.4k; Agency £59k, Postages £10k, Tools £1.3k, prof fees £1.2k
Health & Safety	60,252	62,114	-1,862		-1,862	Fav pay £4.8k, Equipment £4k, training £1k; Adv prof fees £11.3k

Admin Offices & Depot	673,282	785,365	-112,083
Protective Clothing	29,809	35,809	-6,000
Procurement	12,349	12,349	0

4,418,636 4,441,063 -22,426

Democratic Representation & Management	91,850	72,890	18,961
Corporate Management	65,951	63,951	2,000
Corporate Finance Management	37,969	35,969	2,000
Elected Members	373,625	369,988	3,637

569,395 542,798 26,597

Registration of Electors	44,271	26,290	17,981
Conducting Elections	187,742	128,474	59,267

232,013 154,764 77,248

Funded Pension Schemes	280,298	146,298	134,000
Increase/Decrease in Provision for Bad or Doubtful Debts (GF)	175,000	175,000	0
Planning Agreements	0	-2,298,938	2,298,938
Parish Councils	434,765	434,766	-0
Interest & Investment Income (GF)	-136,229	-420,828	284,599
IAS19 Pensions Adjustment (GF)	0	0	0
External Interest Payable (GF)	500	2,245	-1,745

754,334 -1,961,458 2,715,792

Estate Management	-238,225	-295,957	57,732
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-238,225 -295,957 57,732

Council Tax Collection	144,212	105,565	38,647
Non Domestic Rates Collection	-87,500	-86,223	-1,277
Revenues & Benefits Support & Management	357,680	372,775	-15,095

-137,154	25,071	Fav salaries £24k, H&S £4k, Training £2k; Adv Utilities £4.3k
-6,000		due to new starters along with specialist footwear
0		

-116,276 93,849

18,961		Fav pay £27.1, refreshments £1.2k, subscriptions £1k, prof fees £2.6k; Adv agency £12.9k
2,000		Fav £2k subscriptions
2,000		Fav £7k Edgington Turnover Rent, Adv £5k audit fees
3,637		Fav training £4k, tools £2k, adverts £2k, room hire £1.6k, car allowances £3k; Adv £5.5k allowances, £3.5k NI

0 26,597

17,981		Fav £10k wages, printing/stationery due to Canvas reform
59,267		Fav pay £37.9k, Tools R&M £4.3k, £26.8k election running costs; Adv maintenance agreements £500, periodicals £3k, reduced income from General Election £6.6k

0 77,248

134,000	0	Fav £134k enhanced pension - recharge lower than budget
	0	
2,298,938	0	
	-0	
	284,599	
	0	
	-1,745	Parish Council & Music Trust Loan Interest Payable - prediction annual pay out at £2245 due to higher interest rate

2,432,938 282,854

45,500	12,232	Fav salaries £13.8k, Training £6.5k H&S £2k; Adv utilities £11k
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45,500 12,232

20,254	18,393	Fav sals £12.5k, training £3.6k, advertising £1.5k New burdens £500
	-1,277	Fav computing £1k; Adv professional £2.2k
-25,900	10,805	Fav salaries £28.2k vacant HOS, T&T Grant income £6.6k; Adv computing £12k, Prof fees £11k training £1.1k

Rent Allowances Paid	37,005	37,005	0
Net cost of Rent Rebates Paid	80,882	80,882	0
Corporate Fraud	48,150	49,609	-1,459
Housing Benefits Administration	173,803	50,965	122,838
Concessionary Fares	-9,600	-10,150	550

	0	
	0	
	-1,459	Adv prof fees £1.5k
		Fav pay £16.3k (lower hours), benefits processing £22.6k (utilised towards restructure costs), £1.2k essential user; Adv Professional fees £3.7k
86,661	36,176	
	550	

744,632	600,428	144,204
6,480,785	3,481,638	2,999,147

81,015	63,189
2,443,178	555,969

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	16 MARCH 2023	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	CHARLOTTE JACKSON Charlotte.jackson@southderbyshire.gov.uk	DOC: s/finance/committee/2022-23/March
SUBJECT:	HOUSING REVENUE ACCOUNT REVENUE FINANCIAL MONITORING 2022-23	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendations

- 1.1 That the latest revenue financial position for 2022/23 as detailed in the report is considered and approved.

2.0 Purpose of the Report

- 2.1 To provide an update on performance against budget for 2022/23.
- 2.2 The report details performance up to 31 January 2023 unless otherwise stated and is an update of income and expenditure for 2022/23.
- 2.3 The report covers the Housing Revenue Account (HRA) income and expenditure, and an update to the MTFP.

3.0 Detail

- 3.1 The Council is required to account separately for income and expenditure in providing Council housing.
- 3.2 The Base Budget approved in February 2022 for the HRA was set with an estimated deficit of £1.6m. As reported in November, the Medium-Term Financial Plan (MTFP) was updated due to a review of contingent sums. No further updates have been made to the MTFP with the estimated deficit remaining to £1.5m.
- 3.3 An update to the HRA's financial position is included in the revised MTFP attached in **Appendix 1**. This shows that the HRA's General Reserve balance reduces over the first five years of the ten-year plan due to scheduled debt repayment.

3.4 Large deficits are due to be funded from the reserve with the lowest point being reached in 2026/27 where the estimated reserve falls to £1.5m. This is greater than the statutory minimum set for the HRA of £1m but does not leave a big contingency for any unforeseen issues.

3.5

Position as at 31th January 2023

HRA SUMMARY BY AREA - BUDGET MONITORING JANUARY 2023

	ANNUAL			RESERVES	
	Full Year	Projected	Projected	Net effect	
	Budget £	Actual £	Variance £	Earmarked £	on HRA £
Rent and Rechargeable Repairs	-12,988,798	-12,611,408	-377,389	0	-377,389
Repairs and Maintenance	3,534,421	3,639,899	-105,477	0	-105,477
Managing Tenancies	2,104,334	2,203,875	-99,541	-57,580	-41,961
Supported Housing	658,345	685,975	-27,630	0	-27,630
Interest Payable and Receivable	1,456,005	1,335,911	120,094	0	120,094
Capital and Debt Repayment	4,172,313	4,172,313	0	0	0
Bad Debt Provision	125,000	125,000	0	0	0
Contingent Sums	2,449,056	2,449,056	0	0	0
IAS19 Pensions Adjustment (HRA)	0	0	0	0	0
Other Operating Income & Expenditure (HRA)	0	0	0	0	0
	1,510,678	2,000,622	-489,944	-57,580	-432,364

3.6 The above table shows that overall, the HRA is expected to have a deficit of £2m which is a higher deficit than budgeted. The greatest variance is the use of Agency staff to cover skilled vacancies and the rental income from void properties. The main reasons for the variances are detailed below.

HRA VARIANCE TO BUDGET January '23

	£'000
Salary savings (vacancies, maternity etc.)	392
Interest Income and Expenditure	120
Additional Careline Income	71
Repairs	33
Insurance	29
Contract Cleaning	17
Car Allowances	8
Training	4
Advertising	-3
Subscriptions	-5
Rechargeable Repairs	-8
Refuse	-10
Materials	-25

Professional fees - Planned & Responsive	-28
Computing	-21
Utilities	-44
Council tax	-52
Reduced Rent due to Void Dwellings	-408
Agency and Consultancy Staff	-503
TOTAL - OVERALL PROJECTED VARIANCE	-432

- 3.7 Expected salary savings in year relate to vacancies but the cost of agency staff is currently greater. The Repairs and Maintenance Department has the highest level of Agency staff which is reflective in the outturn position.
- 3.8 Investment income continues to perform well due to the increases in the Bank of England base rate. Temporary loan percentages have at least doubled in recent months, as previously dealt temporary loans repay, new market rates offered for reinvestment are producing a significantly higher yield. The outturn prediction is prudently based on interest rates levelling off and has potential to exceed the £120k favourable variance. This is in addition to the provision contained within the MFTP.
- 3.9 Without this, the HRA would be in a far worse position given the reduction in rental income (see below).
- 3.10 Further information is detailed in the Treasury Monitoring Report.
- 3.11 A lower cost than budgeted for insurance relates to no longer administering the tenants' contents insurance, this is offset within the loss of income, along with a small commission loss for no longer providing the service.
- 3.12 Additional Care Line income is due to the unbudgeted receipt of the continued contribution from County Council of £10.40 per user.

Rental Income

- 3.13 Rental income is lower in year due to the average level of voids which is currently around 100 properties per month, together with the time being taken to relet voids, which on average currently stands at 183 days. The loss forecast is currently based on voids remaining at this level throughout the year but may not be sustainable beyond this in the medium-term.
- 3.14 Right to Buy losses have totalled 3 during the third quarter which is below budget. A decline in Right to Buy enquiries and sales has been seen over the year with no sales recorded in December and January. Right to Buy is a significant risk to the HRA and although with the economic uncertainty sales have slowed down, the risk remains for future housing stock.

Other Variances

- 3.15 Other variances are also related to the voids issue. Council Tax and Utility charges, show an adverse variance which is forecasted in line with the current property numbers and length of time vacant.

- 3.16 Computing relates to the Orchard upgrade and is provided for within the MTFP as approved in April 2021.
- 3.17 Professional fees adverse variance relates to previous fire alarm and emergency light testing, which is now being undertaken by Careline staff, £20k of the adverse variance relates to the testing being carried out by an external contractor.
- 3.18 The HRA's 10-year MTFP is shown in Appendix 1.

Risk Areas

Vacancies

- 3.19 As with the General Fund, there are a number of vacant posts within the HRA especially in the repair and maintenance area, that pose a risk to the financial position due to the added cost of agency and support.
- 3.20 Risks to the shortage of available candidates and also market salaries are present, and the Head of Housing is keeping this issue under review.
- 3.21 The Project Officer Roles have been evaluated and recruitment is in progress, with the results yielding a more competitive salary, applications are unknown at present. In the meantime, recruitment is being sought through agency.

Careline

- 3.22 Derbyshire County Council has now informed the Council that there will continue to fund the service managed by the Council until March 2024.
- 3.23 Another potential risk to the HRA for the Careline service is the transfer to digital from analogue. Costs of changes are under review and funds are being secured from the Better Care Fund to help with the costs for private sector customers.
- 3.24 The Head of Housing will report progress and any potential changes to the current Careline service to Housing and Community Services Committee at a future meeting.

4.0 Financial Implications

- 4.1 Detailed in the report.

5.0 Corporate Implications

Employment Implications

- 5.1 None.

Legal Implications

- 5.2 None.

Corporate Plan Implications

- 5.3 There are no specific targets within the Corporate Plan but ensuring sustainability of the Council's financial position enables services to deliver targets included within the Plan.

Risk Impact

- 5.4 As detailed in the Report.

6.0 Community Impact

Consultation

- 6.1 None.

Equality and Diversity Impact

- 6.2 None.

Social Value Impact

- 6.3 None.

Environmental Sustainability

- 6.4 None.

7.0 Background Papers

- 7.1 None.

APPENDIX 1

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - FEBRUARY 2023

	2022.23 Proposed Budget £'000	2023.24 Forecast £'000	2024.25 Forecast £'000	2025.26 Forecast £'000	2026.27 Forecast £'000	2027.28 Forecast £'000	2028.29 Forecast £'000	2029.30 Forecast £'000	2030.31 Forecast £'000	2031.32 Forecast £'000	2032.33 Forecast £'000
INCOME											
Rental Income	-12,893	-12,872	-13,449	-13,766	-14,089	-14,420	-14,758	-15,103	-15,456	-15,816	-16,184
Non-Dwelling Income	-124	-112	-115	-118	-122	-125	-129	-133	-136	-140	-144
Supporting People Grant	-130	-130	0	0	0	0	0	0	0	0	0
Other Income	-177	-185	-185	-185	-185	-185	-185	-185	-185	-185	-185
Total Income	-13,324	-13,299	-13,749	-14,069	-14,396	-14,730	-15,072	-15,421	-15,777	-16,141	-16,520
EXPENDITURE											
General Management	2,065	2,229	2,279	2,330	2,382	2,436	2,490	2,546	2,604	2,663	2,723
Supporting People	908	994	1,021	1,050	1,080	1,111	1,144	1,178	1,214	1,251	1,291
Responsive	1,678	1,778	1,821	1,864	1,909	1,955	2,001	2,050	2,099	2,150	2,202
Planned Maintenance	1,790	1,761	1,803	1,847	1,892	1,938	1,985	2,034	2,083	2,134	2,186
Bad Debt Provision	125	131	134	137	140	144	147	151	154	158	161
Interest Payable & Receivable	1,456	1,362	1,093	1,093	1,093	792	792	792	792	792	462
Depreciation	4,213	4,844	4,417	4,393	4,369	4,345	4,321	4,297	4,274	4,250	4,226
Net Operating Income	-1,089	-200	-1,181	-1,355	-1,531	-2,009	-2,192	-2,373	-2,557	-2,743	-3,269
Known variations:											
Reversal of Depreciation	-4,213	-4,844	-4,417	-4,393	-4,369	-4,345	-4,321	-4,297	-4,274	-4,250	-4,226
Capital Expenditure	1,620	1,433	1,877	1,916	1,847	2,182	2,261	2,489	2,403	1,805	2,301
Disabled Adaptations	300	300	300	300	300	300	300	300	300	300	300
Asbestos and Health & Safety Surveys	100	100	100	100	100	100	100	100	100	100	100
Debt Repayment - Balance of Depreciation	1,593	2,561	1,640	1,577	1,972	1,213	1,110	908	971	1,545	1,025
Major Repairs Reserve	600	550	600	600	250	650	650	600	600	600	600
Asset Replacement Earmarked Reserve	45	45	45	45	45	45	45	45	45	50	50

	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	2032.33
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Additional Debt Repayment Transfer	2,500	2,100	1,500	1,300	1,850	750	750	750	1,000	800	0
Investment Income	-313	-51	-43	-34	-34	-34	0	0	0	0	0
Capital works non-traditional properties	100	0	0	0	0	0	0	0	0	0	0
Options Appraisal Smallthorne Place	23	0	0	0	0	0	0	0	0	0	0
Potential Pay Award	151	55	56	57	59	60	62	62	58	59	60
ICT Upgrades	30	30	30	30	30	30	200	0	0	0	0
Rent Loss Provision	65	0	0	0	0	0	0	0	0	0	0
Pension Valuation 2023/24	0	18	18	18	18	18	18	18	18	18	18
Increase in Electricity Tarrif	0	30	30	0	0	0	0	0	0	0	0
Incremental Salary Increases	0	5	5	5	5	6	6	6	6	6	6
HRA Surplus (-) / Deficit	1,511	2,132	560	166	542	-1,035	-1,012	-1,392	-1,330	-1,710	-3,035

HRA General Reserve

HRA Reserve B/fwd	-6,494	-4,984	-2,852	-2,292	-2,126	-1,585	-2,619	-3,631	-5,023	-6,354	-8,064
(Surplus) / Deficit for year	1,511	2,132	560	166	542	-1,035	-1,012	-1,392	-1,330	-1,710	-3,035
HRA Reserve C/fwd	-4,984	-2,852	-2,292	-2,126	-1,585	-2,619	-3,631	-5,023	-6,354	-8,064	-11,098

RESERVES

Debt Repayment Reserve

Balance B/fwd	-1,600	-5,693	-14	-3,218	-6,160	-48	-2,079	-4,008	-5,737	-7,779	-197
Depreciation balance	-1,593	-2,561	-1,704	-1,642	-2,038	-1,281	-1,179	-979	-1,042	-1,618	-1,100
Transfers to reserve	-2,500	-2,100	-1,500	-1,300	-1,850	-750	-750	-750	-1,000	-800	-1,000
Repayment of loan	0	10,000	0	0	10,000	0	0	0	0	10,000	0
Reserve C/fwd	-5,693	-354	-3,218	-6,160	-48	-2,079	-4,008	-5,737	-7,779	-197	-2,297

Earmarked Reserve

Balance B/fwd	-401	-298	-298	-73	-118	-163	-208	-253	-298	-63	-113
Vehicle Replacement Transfer to Reserve	-45	-45	-45	-45	-45	-45	-45	-45	-45	-50	-50
Software Upgrade	148	45	0	0	0	0	0	0	0	0	0
Asset Replacement	0	0	270	0	0	0	0	0	280	0	0

Reserve C/fwd

-298 -298 -73 -118 -163 -208 -253 -298 -63 -113 -163

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - FEBRUARY 2023

	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	2032.33
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Repairs Reserve											
Balance B/fwd	-4,457	-5,157	-5,707	-6,307	-6,907	-7,157	-7,807	-8,457	-9,057	-9,657	-10,257
Transfers to reserve	-600	-550	-600	-600	-250	-650	-650	-600	-600	-600	-600
Earmarked non-traditional properties	-100	0	0	0	0	0	0	0	0	0	0
Reserve C/fwd	-5,157	-5,707	-6,307	-6,907	-7,157	-7,807	-8,457	-9,057	-9,657	-10,257	-11,692
New Build Reserve											
Capital Receipts B/fwd	-2,935	-3,376	-3,991	-4,602	-5,214	-5,826	-6,437	-7,049	-7,660	-8,272	-8,884
Acquisitions in year	280	0	0	0	0	0	0	0	0		0
RTB Receipts in year	-721	-615	-612	-612	-612	-612	-612	-612	-612	-612	-612
Borrowing in year	0	0	0	0	0	0	0	0	0	0	0
Balance c/fwd	-3,376	-3,991	-4,602	-5,214	-5,826	-6,437	-7,049	-7,660	-8,272	-8,884	-9,495

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	16 MARCH 2023	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	CHARLOTTE JACKSON Charlotte.jackson@southderbyshire.gov.uk	DOC: s/Finance/Committee/2022-23/March
SUBJECT:	COLLECTION FUND 2022-23	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendations

- 1.1 That the latest Collection Fund position as detailed in the report is considered and approved.

2.0 Purpose of the Report

- 2.1 To provide an update on performance of the Collection Fund against the approved budget for quarter three of 2022/23.
- 2.2 The detail included within the report is at 31 January 2023 unless otherwise stated.

3.0 Detail

- 3.1 The Collection Fund is a statutory requirement that accounts separately for the Council Tax and National Non-Domestic Rates (NNDR) collected by the Council.
- 3.2 The Council is classed as a Billing Authority for both Council Tax and NNDR and is responsible for distributing charges to residents and businesses located within the district annually.
- 3.3 Estimates of expected income generated from taxation charges are reported annually to the Government as part of the Council Tax Base and NNDR1 returns.
- 3.4 The returns are used to determine the precept due in the following financial year to the Preceptors and the Council's share is reported to the Committee as part of the budget round in February.
- 3.5 Any surplus or deficit generated on the Fund during the previous financial year is allocated to the relevant Preceptor as part of the annual forecast reporting.

- 3.6 Council Tax was introduced on 1 April 1993 and each residential property is allocated a band according to their open market value at 1 April 1991. Detail of the bands is listed below.

Band	Between	
A	£0	£40,000
B	£40,001	£52,000
C	£52,001	£68,000
D	£68,001	£88,000
E	£88,001	£120,000
F	£120,001	£160,000
G	£160,001	£320,000
H	£320,001	and above

- 3.7 The amount of Council Tax payable by an individual household is calculated using the band allocation less deductions for national and local exemptions.
- 3.8 As part of the forecast for the following years precepts, the Council is required to calculate estimated chargeable dwellings, revised for estimated exemptions as noted above. An average Band D equivalent tax base is then determined and is used as the basis for the Council Tax setting by each of the Preceptors, including the Council.
- 3.9 The precept for each Preceptor is calculated using the estimated tax base multiplied by the Band D value. The Band D is reported annually to Full Council as part of the Council Tax Settling report. This report details out the approved Band D for each of the Preceptors and the demand on the Collection Fund in the following year.
- 3.10 The approved Band D and precept demands as set in March 2022 for 2022/23 are included as a reminder in the following table.

Preceptor	Band D £	Precept £
South Derbyshire District Council	172.91	6,346,143
Derbyshire County Council	1,424.56	52,284,201
Police and Crime Commissioner	251.6	9,234,223
Derbyshire Fire and Rescue Service	80.84	2,966,990
TOTAL	1,929.91	70,831,557

- 3.11 Parish Councils are also able to make a demand on the Collection Fund and this is approved as part of the Council Tax Setting report. The demand for Parishes in 2022/23 is £986,564.
- 3.12 The Council's forecast of collectable income for Council Tax in 2022/23 and the projected outturn for the year is summarised below with further detail included in **Appendix 1**.

	Forecast £'000	Q3 Projected £'000	Variance £'000
Council Tax Collectable	72,882	73,284	402
Expenditure	-72,838	-72,844	-6
Estimated Surplus / (Deficit)	44	440	396

3.13 Growth of the tax base during the year over and above that forecast is resulting in an expected increase in income. The number of chargeable dwellings included in the forecast was 47,637 with an average Band D equivalent number of 36,702. The actual chargeable dwellings at 31 January was 48,448, an increase of 811 with a Band D equivalent of 37,663 an increase of 961.

3.14 A surplus payment to the Preceptors of ££2 million was approved in January 2022 as part of the budget round for 2022/23 and is detailed below.

	£
Derbyshire County Council	1,457,172
Police and Crime Commissioner	254,544
Derbyshire Fire and Rescue	83,517
South Derbyshire District Council	204,767
	2,000,000

3.15 The surplus payment was a forecast of expected outturn for the year-end. The balance plus any estimate for 2022/23 will be approved as part of the budget round and paid to Preceptors in 2023/24. Based on the current anticipated surplus for the year plus the balance remaining in the Collection Fund Account, the payment in 2023/24 is expected to be approximately £1 million to be split between the Preceptors.

NNDR

Background

3.16 Taxation to fund local services has been in existence for over 50 years but under the Local Government Finance Act 1988, a consistent administrative assessment from 1 April 1990 in England and Wales was introduced in relation to property taxes.

3.17 The Valuation Office Agency (VOA) is responsible for setting the rateable value of business premises which is the average rental that could be achieved per annum at a fixed valuation date using assumptions set by statute.

3.18 A business within the district is charged annually by the Council based on the rateable value set by the VOA multiplied by the non-domestic rating multiplier which is set by the Government.

3.19 The chargeable amount can be altered with mandatory and discretionary reliefs and the overall rateable value can also be challenged and appealed by a business.

3.20 The retention of business rates for local authorities changed significantly on 1 April 2013. Prior to this date, business rates were collected by authorities and paid over to the Government, and this was then redistributed across the country by a set formula.

- 3.21 The introduction of a new funding system provided a direct financial incentive for authorities to work with local businesses to create a favourable environment for growth, but this also added more risk as bad debts, business failures and appeals are now partially borne by the authority.
- 3.22 Under the new system, a Start-up Funding Assessment was determined for each authority which reviewed the income required to fund services. The assessment set out a Baseline Need and this was split between Revenue Support Grant (RSG) and business rates.
- 3.23 To fund the Baseline Need, local authorities each had an expected level of business rates to be collected which was referred to as the NDR Baseline. For authorities with a Baseline Need that is higher than their NDR Baseline, a Top Up grant would be required. When the Baseline Need is lower than the NDR Baseline, a Tariff is payable by the authority. The Council pays a Tariff of over £6m per annum.
- 3.24 Authorities that collect a higher level of income than their NDR Baseline are rewarded through the scheme as they are able to keep a proportion of the growth. Where there is growth above the Baseline however, a levy becomes payable to the Government.
- 3.25 Where an authority does not achieve its allocated NDR Baseline, a safety net system was also introduced to ensure that income achieved below 92.5% of the Baseline would be reimbursed centrally. The first 7.5% would need to be covered locally. The safety net is funded by the levy noted in 3.24.
- 3.26 Authorities were able under the new scheme to combine into a Pool to retain more of the business rates income locally. All Top Up and Tariff allocations are combined as part of the Pool and one levy rate and safety net rate is then applied to any income growth/loss in the Pool.
- 3.27 The Council joined the Derbyshire Business rates Pool in 2015/16 after approval at the Committee in October 2014. The Council contributes to the Pool annually due to the growth above the Baseline, but the contribution is far lower than the levy imposed by the Government had the Pool not been in existence.

Local Performance

- 3.28 Through the Collection Fund Account, precepts are paid to the Government (50%), Derbyshire County Council (9%), Derbyshire Fire and Rescue (1%) and South Derbyshire District Council (40%). The Council also has to fund the Tariff noted above which reduces the actual income retained to approximately 15%.
- 3.29 The NNDR1 return is completed in January each year, and this provides the forecasted income for the following financial year for all Preceptors. Within the return the surplus or deficit from the previous financial year is split between the Preceptors and paid/recovered as part of the precept payment. A summary of the return for 2022/23 is included below.

	Precept £	Deficit £	Total £
South Derbyshire District Council	10,838,722	-1,856,262	8,982,460
Central Government	13,548,403	-2,320,328	11,228,075
Derbyshire County Council	2,438,712	-417,659	2,021,053
Derbyshire Fire and Rescue	270,968	-46,407	224,561
	27,096,805	-4,640,656	22,456,149

3.30 The forecast collectable income as per the NNDR1 return versus the actual performance for quarter 3 is summarised below with further detail included in **Appendix 1**.

	Forecast £'000	Q3 Projected £'000	Variance £'000
NNDR Income (incl. Relief)	27,386	26,522	-864
Expenditure	-27,985	-27,967	18
Estimated Surplus / (Deficit)	-599	-1445	-846

3.31 As a result of the pandemic reduced income and increased bad debt and appeals provisions caused a large deficit of £9.2m on the Fund in 2020/21. It was legislated to spread any deficit on the Fund over a three-year period to ensure that all Preceptors had a longer time frame to cover the loss in income.

3.32 Further reliefs were distributed to the Council from the Government to help mitigate losses on the Fund. It is expected that a deficit will be seen again in year, but it is still unknown to what degree. Although it is not expected to be the same magnitude as seen previous years. The Council had additional section 31 grants during 2021/22 which have been earmarked for future income losses.

3.33 The Council set-aside £3.2m in 2020/21 to help mitigate the losses from business rates on the General Fund. This will be drawn down over a three-year period in line with the spreading of the deficit. At the year-end £2.1m was drawn down, and it is estimated that £375k will be drawn down in 2022/23.

4.0 Financial Implications

4.1 Included within the report.

5.0 Corporate Implications

Employment Implications

5.1 None.

Legal Implications

5.2 None.

Corporate Plan Implications

- 5.3 The ability to achieve all Corporate Plan objectives is dependent upon the financial sustainability of the Council.

Risk Impact

- 5.4 None.

6.0 Community Impact

Consultation

- 6.1 None.

Equality and Diversity Impact

- 6.2 None.

Social Value Impact

- 6.3 None.

Environmental Sustainability

- 6.4 None.

APPENDIX 1

COLLECTION FUND MONITORING 2022/23 (as at 31 January 2023)

	Actual 2021/22	Estimated 2022/23	Qtr 3 Projection 2022/23	Notes
COUNCIL TAX - INCOME & EXPENDITURE	£'000	£'000	£'000	
INCOME				
Council Tax Collectable	69,412	72,882	73,284	Est. Increase in Tax Base and Precepts at 5%
EXPENDITURE				
County Council Precept	48,709	52,284	52,284	As approved by Full Council 1 Mar 2021
Police and Crime Commissioner Precept	8,509	9,234	9,234	As above
Fire and Rescue Authority Precept	2,792	2,967	2,967	As above
SDDC Precept	5,915	6,346	6,346	As above
SDDC Parish Precepts	929	987	987	As above
Increase in Bad Debts Provision	933	1,020	1,026	Estimated at 2% of income
Total Expenditure	67,786	72,838	72,844	
Surplus for the Year	1,626	44	440	
COUNCIL TAX BALANCE				
Opening Balance 1 April	2,617	3,043	3,043	Per Final Accounts 2021/22
Share of Previous Surplus to County Council	-881	-1,457	-1,457	As approved by Full Council 14 Jan 2022
Share of Previous Surplus to Police	-144	-255	-255	As above
Share of Previous Surplus to Fire Authority	-51	-84	-84	As above
Share of Previous Surplus to SDDC	-124	-205	-205	As above
Surplus for Year (as above)	1,626	44	440	

Closing Balance as at 31 March	3,043	1,087	1,483
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	Actual 2021/22	Estimated 2022/23	Qtr 3 Projection 2022/23
BUSINESS RATES - INCOME & EXPENDITURE	£'000	£'000	£'000

INCOME

Business Rates Collectable	24,474	27,097	26,233
Transitional Protection Payments	263	289	289
Total Income	24,738	27,386	26,522

Estimate as per NNDR1

EXPENDITURE

Central Government Precept	13,927	13,548	13,548
SDDC Precept	11,142	10,839	10,839
Derbyshire County Council Precept	2,507	2,439	2,439
Fire and Rescue Service Precept	279	271	271
Cost of Collection	94	97	97
Increase in Bad Debts Provision	107	249	249
Provision for Appeals	-708	542	525
Total Expenditure	27,348	27,985	27,967

Per NNDR1 Submission

As above

As above

As above

Estimated using debtor position at 31 Dec 22

Estimated using appeals list at 31 Dec 22

Surplus / Deficit (-)

-2,610	-599	-1,445
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BUSINESS RATES BALANCE

Opening Balance 1 April	-8,157	-4,864	-4,864
Prior Year Share of Surplus (-) / Deficit to Government	2952	2,320	2,320

Per Final Accounts 2021/22

Per NNDR1 Submission

Prior Year Share of Surplus (-) / Deficit to SDDC	2361	1,856	1,856	As above
Prior Year Share of Surplus (-) / Deficit to County	531	418	418	As above
Prior Year Share of Surplus (-) / Deficit to Fire	59	46	46	As above
Surplus / Deficit (-) for the Year as above	-2,610	-599	-1,445	
Closing Balance as at 31 March	-4,864	-822	-1,669	

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 11
DATE OF MEETING:	16 MARCH 2023	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	CHARLOTTE JACKSON charlotte.jackson@southderbyshire.gov.uk	DOC: s/finance/committee/2022-23/March
SUBJECT:	CAPITAL FINANCIAL MONITORING 2022-23	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendations

- 1.1 That the latest capital financial position for 2022/23 as detailed in the report is considered and approved.
- 1.2 That the balance of S106 available for use by the Council for capital projects as detailed in Appendix 2 is noted.

2.0 Purpose of the Report

- 2.1 To provide an update on performance against the budget for 2022/23.
- 2.2 The report details performance of both the HRA and General Fund up to 31 January 2023 unless otherwise stated and is an update of capital project progress for 2022/23.

3.0 Detail

- 3.1 The Council's capital programme consists of many different projects covering both the General Fund and HRA.
- 3.2 General Fund projects are developed in line with strategies reported to policy committees and are funded through Section 106 developer contributions, General Fund contributions, grant income and capital receipts generated from asset sales.
- 3.3 HRA projects are mainly for refurbishment of council houses, disabled adaptations to council housing and new build and are funded by HRA reserves plus grant income.
- 3.4 The capital budget for 2022/23 was approved in February 2022 and has been updated following the outturn for 2021/22 to reflect the carry forward of income and expenditure for incomplete projects.

- 3.5 Progress during the year on capital projects and the total financing of all projects is summarised in the following tables with detail of financial performance for each project listed in Appendix 1.

CAPITAL MONITORING JANUARY 2023

	EXPENDITURE		
	Actual £	Budget £	Variance £
Major Improvements	1,567,271	2,320,000	752,729
Disabled Adaptations	252,879	300,000	47,121
New Build and Acquisition	0	280,000	280,000
TOTAL HRA	1,820,150	2,900,000	1,079,850
Private Sector Housing	821,339	1,496,471	675,132
Environmental Services	314,164	420,000	105,836
Community Projects	1,293,372	3,023,003	1,729,631
Vehicle Replacements	257,797	0	-257,797
ICT Strategy	17,761	160,000	142,239
Asset Replacement and Renewal	282,789	479,465	196,676
TOTAL GENERAL FUND	2,987,222	5,578,939	2,591,717
TOTAL CAPITAL EXPENDITURE	4,807,372	8,478,939	3,671,567

	FUNDING		
	Actual £	Budget £	Variance £
Section 106	51,992	1,038,440	986,448
Grants	1,121,581	1,828,471	706,890
HRA	1,820,150	2,620,000	799,850
New Build Capital Reserve	0	280,000	280,000
General Fund	89,277	581,188	491,911
Capital Receipts	1,234,673	1,837,354	602,681
Earmarked Reserves	489,698	293,486	-196,212
TOTAL FUNDING	4,807,372	8,478,939	3,671,567

HRA Capital

- 3.6 Detail of the planned expenditure for both revenue and capital is under review and will be reported to Housing and Community Services Committee. The expenditure is expected to be on budget for the year. Progress will be updated quarterly.
- 3.7 Disabled adaptations of Council housing are scheduled and expected to be on budget by the year-end.
- 3.8 The budget for new build and acquisition schemes consists of acquisitions of properties in Newhall.
- 3.9 Acquisitions in Newhall are due to complete in March 23 no expenditure has yet been incurred.

General Fund Capital

Private Sector Housing Works

- 3.10 There are several projects included within this area, one of which is Disabled Facility Grants (DFG). Expenditure on DFG has been consistently lower than the allocated budget of £400k for several years. Carry forwards of underspent budgets are made at the year-end to ensure sufficient allocation for any increase in the pipeline. Work is underway to secure additional contractor capacity to complete works and speed up the current specification process for adaptations.
- 3.11 A list of projects is reported within this Committee with an update to the budget and allocation of a proportion of the accumulated underspend.

Leisure and Community Schemes

- 3.12 The Community Partnership Scheme has reported the recent grant allocations to the Housing and Community Services Committee on the 17th November. The recent allocations will leave a small underspend of £7,550 to be allocated prior to March 2023.
- 3.13 All of the remaining projects in this area were approved as part of the Capital Bidding round in October 2020. Some projects were progressed during 2021/22 with some budgets carried forward into 2022/23. It is unlikely that all of the projects will be complete during 2022/23 and a revision to the profile of the budgeted expenditure may be required later in the year.

Environmental Projects

- 3.14 A sum of £50,000 has been received to aid SDDC and the wider District reduce its carbon emissions. The funding is to cover the purchase of e-bikes, building surveys and EV infrastructure. A review of requirements is being carried out and an updated plan on how the funding will be spent will be reported in the future.
- 3.15 Council has now received the LAD 3 funding (£374,000) and HUG 1 (£840,800) with 76 approved applications and a further 34 in the pipeline, full spend is predicted on the funding received.

Vehicle Replacements

- 3.16 There has been delays in procurement of vehicles over the last financial year, the Gully Cleaner has now been delivered. A second-hand refuse vehicle has also been purchased. The budget for vehicle replacement is under review by the new Head of Operational Services, the review will need to assess the recently purchased older vehicles and the rising repairs required to the current fleet.

Asset Disposals and Refurbishment

- 3.17 A General Fund contribution of £87k is set-aside each year to fund refurbishment and maintenance of Public Buildings. Following condition surveys, a Planned Maintenance Programme has been designed. Over the next two financial years £300k is likely to be spent utilising the remaining reserve balance.

- 3.18 In respect of specific capital projects, the main expenditure being incurred in year is for the demolition and refurbishment works in the Town Centre and works on Melbourne Assembly Rooms both approved as part of the Capital Bidding Round.

IT Strategy

- 3.19 Following approval of an IT Strategy, sums are being set-aside annually to fund new equipment and software.
- 3.20 A three-year planning cycle for replacements of equipment is in place and any overspends, or underspends will either require a drawdown from earmarked reserves or a contribution. The budget is expected to be fully spent in year.

4.0 Capital Reserves

- 4.1 The capital reserve balances for the General Fund and HRA as at the 31 March 2022 are listed below.

	£
New Build and Acquisition Reserve	2,942,475
Major Repairs Reserve	4,457,348
Debt Repayment Reserve	1,600,000
HRA Capital Reserves	8,999,823
Capital Receipts Reserve	2,707,657
General Fund Capital Reserves	2,707,657
Total Capital Reserves	11,707,480

HRA Capital Reserves

- 3.21 The New Build and Acquisition Reserve is topped up by all retained receipts of sales of Council houses under Right to Buy.
- 3.22 Right to Buy sales have totalled 8 as at 31 January 2023 and a total sum of £589,317 has been received by the Council.
- 3.23 Reinvigoration of Right to Buy has created a new method of reporting sales of housing stock to the Government. The change now means that full reporting and payment of the pooled amount to the Government is only undertaken once a year as opposed to quarterly.
- 3.24 Detail of the retained balance will be reported as part of the final outturn. The retained sum will be transferred to the New Build and Acquisition reserve.
- 3.25 Any underspends on the HRA capital programme are transferred to the Major Repairs Reserve at year-end and the balance is to be utilised in future years as the new schedule for capital works is implemented.
- 3.26 Currently the HRA has debt of £47.4m to be repaid to the Public Works Loan Board at specific dates over a 20-year period because of self-financing.
- 3.27 The profile of debt repayment is listed in the following table.

Date due	£
28-Mar-24	10,000,000
28-Mar-27	10,000,000
28-Mar-32	10,000,000
28-Mar-37	10,000,000
28-Mar-42	7,423,000

47,423,000

3.28 Sums are being set-aside each year for the scheduled repayments and are included in the HRA MTFP.

General Fund Capital Reserves

3.29 As part of the Council's Reserve balances, S106 receipts are accumulated and drawn down against specific projects in line with the contractual agreement.

3.30 Section 106 contributions are a large element of funding for the Council's capital programme and future planned works. The list of contributions within the Council's control are detailed in Appendix 2 with commentary regarding committed projects and the time frame to spend. Within the Appendix, updates to a couple of the spend deadlines have been in Q3. In summary, the total balance of S106 held by the Council is included in the table below.

3.31 S106 is received and monitored by the Council for other public bodies such as Derbyshire County Council and the NHS with sums also being allocated specifically to the Council. Appendix 2 details the total S106 available for the Council to spend on projects and has been broken down between community sums and affordable housing sums. The following table summarises the position as at 31 January 2023.

	£
Affordable Housing	6,996,941
Community	4,291,673
Property	39,933
Other	89,768
	11,418,315

3.32 The Capital Receipts Reserve is made up of asset sales in recent years and there are many projects to be funded from the balance. Committed projects are listed at Appendix 1.

GENERAL FUND CAPITAL RECEIPTS RESERVE

	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28
	£	£	£	£	£	£
Balance B/fwd	2,707,657	1,976,744	732,382	457,454	-142,546	-142,546
		0	0	0	0	0
Collaboration Agreement - Oversetts Road	195,612	0	0	0	0	0
Total Receipts	195,612	0	0	0	0	0
Vehicle Replacements	0	0	0	-600,000	0	0
Capital Bids 2020	Page 113 of 153	11,591,153	-189,928	0	0	0

Costs Associated to Land Sales	0	0	0	0	0	0
Midway Community Centre	-111,703	0	0	0	0	0
Repairs to Village Halls and Community Facilities	0	-6,700	0	0	0	0
Public Buildings Maintenance		0	0	0	0	0
Strategic Housing Market Assessment	0	0	-25,000	0	0	0
Private Sector Stock Condition Survey	0	0	-60,000	0	0	0
Empty Property Grants	0	-38,000	0	0	0	0
Committed Expenditure	-926,525	-1,244,362	-274,928	-600,000	0	0
Reserve C/fwd	1,976,744	732,382	457,454	-142,546	-142,546	-142,546

3.33 The Strategic Market Housing Assessment and Private Sector Stock Condition Survey are both scheduled to recur every five years.

3.34 Planned vehicle replacements may need to be drawn from capital receipts in 2025/26 as there is currently a shortfall in funding in the Asset Replacement Reserve. This is under review and the planned scheduled replacements are due to be reported to Environmental and Development Services Committee and this Committee later in 2022/23.

4.0 Financial Implications

4.1 Detailed in the report.

5.0 Corporate Implications

5.1 None directly.

6.0 Community Impact

6.1 None directly.

APPENDIX 1

COMMITTEE SUMMARY - CAPITAL MONITORING JANUARY 2023

	EXPENDITURE		
	Actual £	Budget £	Variance £
Major Improvements under Self-financing	1,130,107	2,320,000	1,189,893
Social Housing Decarbonisation Fund - Wave 1	437,164	0	-437,164
Land related to 35 Grove Close	0	0	0
Major Disabled Facilities Grant (Council Houses MRA)	252,879	300,000	47,121
New Build - Lullington Road, Overseal	0	0	0
New Build - Orchard Street, Newhall	0	280,000	280,000
Contribution to county wide stock modelling report	0	0	0
New Build - Acresford Road, Overseal	0	0	0
HOUSING REVENUE ACCOUNT	1,820,150	2,900,000	1,079,850
Disabled Facility Grants and other Works	312,615	450,000	137,385
Discretionary Top-up Grants	0	25,000	25,000
Healthy Homes Project	22,385	50,000	27,615
Dedicated Mental Health Worker	33,333	50,000	16,667
Additional Technical Officer	31,619	40,000	8,381
Empty Property Grants	0	38,000	38,000
Relocation Grant	0	100,000	100,000
Dementia Friendly Homes Grant	0	15,000	15,000
Domestic Violence Crisis Prevention	52,083	70,000	17,917
Hospital Discharge Grant	26,826	30,000	3,174
Healthy Homes Assistance Fund	177,679	200,000	22,321
Pilot Schemes	58,798	0	-58,798
Handy Person Plus Project	9,333	28,000	18,667
Capital One-off Projects	0	0	0

Temporary Health & Housing Co-ordinator	0	45,000	45,000
Stay Active and Independent for Longer	34,769	75,471	40,703
Temporary Public Health Officer	35,573	45,000	9,427
Temporary Occupational Therapist	0	0	0
Fuel Poverty	0	50,000	50,000
Temporary Trusted Assessor Post	0	55,000	55,000
Careline Digital Equipment	0	90,000	90,000
Foundations Consultancy Project	0	40,000	40,000
Property Flood Resilience Recovery Support Scheme	26,324	0	-26,324
Private Sector Housing	821,339	1,496,471	675,132

Fly Tipping and Environmental Surveillance	13,921	0	-13,921
Carbon Reduction	0	50,000	50,000
Asylum Dispersal Scheme	0	0	0
Green Homes Grant - Local Authority Delivery	300,242	370,000	69,758
Environmental Services	314,164	420,000	105,836

Community Partnership Scheme	89,277	239,853	150,576
Melbourne Sports Park - Drainage Works	0	0	0
Midway Community Centre Extension	111,367	0	-111,367
Midway Community Centre - Pitches	0	0	0
Oversetts Road Football Facility	265	1,188,159	1,187,894
SuDS Improvements	5,550	58,000	52,450
Paradise Garden, Swadlincote Town Centre	0	30,000	30,000
Revitalising Rosliston Foresty Centre	84,376	376,372	291,996
CCTV in Swadlincote Town Centre	0	0	0
Improvements to Play Areas	79,000	152,000	73,000
Extension to Marston on Dove Cemetery	6,695	48,000	41,305
Miners Memorial Project, Eureka Park	36,102	169,000	132,898
Urban Park at William Nadin Way	850,529	691,619	-158,910
Improvements to Swadlincote Woodlands	3,270	30,000	26,730
Newhall Park Improvements	4,285	0	-4,285

Drainage works at Rosliston Football Pitches	9,720	0	-9,720
Eureka Park Bowling Green Improvements	12,935	40,000	27,065
Community Services	1,293,372	3,023,003	1,729,631
Vehicle Replacements	257,797	0	-257,797
Public Building - Repairs & Renewals	53,084	87,000	33,916
Repairs to Village Halls & Community Facilities	0	2,375	2,375
Civic Hub - Town Centre Regeneration	0	0	0
Shop Frontages	55,516	0	-55,516
Oversetts Road Project	0	0	0
IT Strategy	17,761	160,000	142,239
Repairs to Melbourne Assembly Rooms	142,029	131,725	-10,304
Purchase of Chamber Building	0	0	0
Drainage Easement at Woodville	0	0	0
Shared Prosperity Fund	0	0	0
Main Street Albert Village	0	0	0
Demolition of Bank House and Car Park Creation	32,160	258,365	226,205
Assets	558,347	639,465	81,118
GENERAL FUND	2,987,222	5,578,939	2,591,717
TOTAL CAPITAL EXPENDITURE	4,807,372	8,478,939	3,671,567

APPENDIX 2

		Cultural Services	Affordable Housing	Property	SDDC Unspecified	Spend Deadline	
1	1	£	£	£	£	1	1
2006/1453	Swadlincote	365	0	0	0	N/A	
2007/0873	Swadlincote	852	0	0	0	N/A	
2010/0320	Aston	932	0	0	0	N/A	£932 remaining - £19.7k claimed by Aston PC towards outdoor gym equipment in Aug-21.
2011/0006	Swadlincote	30,340	0	0	0	08/11/2023	Towards provision of play space - Including within the "Improvements to play areas" project
2011/0292	Willington and Findern	41,007	0	0	0	N/A	Towards Twyford Pavilion - £5.8k paid to Willington Parish for tennis courts in Dec-21
2011/0329	Swadlincote	19,386	0	0	0	29/03/2024	Towards the provision of local open space facilities - Including within the "Improvements to play areas" project
2011/0952	Newhall and Stanton	15,708	0	0	0	05/05/2022	Included within the "Improvements to play areas" project at Newhall Park - SDDC currently retrieving quotes
2012/0568	Aston	359,550	0	0	0	£267,431 - 28/02/2024 £272,119 - 02/02/2026	180k to Derby City for Chellaston Community Centre (now paid out) - 87k is in discussion with Swarkestone / Elvaston Cricket Club
2012/0586	Woodville	11,918	0	0	0	N/A	Towards the provision of Open Space
2012/0743	Church Gresley	0	0	39,933	0	£135,922 - 20/11/2022 £156,778 - 30/08/2024	£212k towards Urban Park Project, £77.9k Green Bank
2012/0743	Church Gresley		152,773		0	N/A	Towards Cadley Hill affordable housing
2012/0861	Woodville	22,134	0	0	0	N/A	Towards the provision of open space - Including within the "Improvements to play areas" project
2013/0364	Woodville	2,118	0	0	0	15/03/2022	Towards play equipment at Swadlincote Woodlands - SDDC currently in the process of retrieving prices
2013/0643	Repton	0	497,917	0	0	22/12/2026	Towards Provision, improvement, maintenance or management of affordable housing within the Repton Ward – Council House Development Group exploring options

2013/0818	Swadlincote	10	0	0	0	20/03/2024	Towards purchasing and maintaining off-site open space - Urban Park project (spend deadline changed from 20/03/22)
2013/1044	Hilton	210,723	0	0	0	£55,425 - 21/06/2023 £158,677 - 30/06/2026	Hilton PC taking lead - £55k towards Scout Hut
2014/0232	Aston	7,419	0	0	0	06/04/2024	Towards the provision of local outdoor recreational facilities - Weston & Aston PC have project for RIA
2014/0300	Swadlincote	25,858	0	0	0	22/10/2024	Towards renovation of multi-use games area at Maurice Lea Memorial Park
2014/0431	Seales	6,200	0	0	0	30/06/2022	Towards Salts Meadow and Swadlincote Woodlands Glade Creation in March 2022.
2014/0562	Etwall	63,789	0	0	0	£60,386 - 06/11/2024 £63,790 - 21/10/2026	Towards increasing the capacity of Etwall Leisure Centre - £60k to be claimed by JPS for tennis courts/MUGA - spend approved at JMC
2014/0740	Woodville	566,268				31/01/2027	£81K Outdoor sports, £45k Built facilities
2014/0888	Newhall and Stanton	1,397,441	0	0	0	15/03/2025	Towards Oversetts Road Football Facility
2014/0948	Linton	187,415	0	0	0	04/12/2025	Towards outdoor Recreational facilities & improvement of off-site open space at Rosliston Forestry Centre
2014/1141	Melbourne	15,326	0	0	0	£7,644 - 01/11/2028 £7,682 - 08/02/2029	Towards Kings Newton Bowls Club
2015/0029	Seales	19,423	0	0	0	£12,904 - 25/03/2026 £13,464 - 01/10/2026	Towards the changeroom at Overseal Rec
2015/0396	Newhall and Stanton	13,815	0	0	0	04/09/2024	Towards Oversetts Road Football Facility
2015/0518	Overseal	2,568				N/A	To pay the River Mease Contribution to the Council prior to Occupation of any Dwelling;
2015/0534	Woodville	31,692	0	0	0	03/01/2023	Towards open space - Woodville PC taking lead
2015/0561	Woodville	20,401	0	0	0	12/12/2024	£16.9k towards Main Street Rec, £3.5k towards Goseley Community Centre
2015/0563	Woodville	8,335	0	0	0	07/02/2024	Towards provision of outdoor sports facilities, open space and build facilities - currently in talks with Hartshorne PC
2015/0723	Linton	71,655	0	0	0	14/08/2024	Towards enhancements to RFC visitor centre, RFC play equipment and sports pitches at Strawberry Lane

2015/0768	Etwall	249,984		0	0	£98,440 - 14/02/2023 £47,686 - 28/09/2025 £94,511 - 27/07/2026	£188k towards Newhouse Farm Community Centre £52k (now paid) towards group exercise and swimming provision at Etwall LC.
2015/0768	Etwall		1,071,180	0	0	09/08/2024	Towards housing within the Derby fringe – Council House Development Group exploring options
2015/0768	Etwall		1,071,180	0	0	20/10/2025	Towards housing within the Derby fringe – Council House Development Group exploring options
2015/0768	Etwall		1,103,640	0	0	27/07/2026	Towards housing within the Derby fringe – Council House Development Group exploring options
2015/0976	Woodville	7,316	0	0	0	29/11/2023	Woodville Parish looking to spend at Woodville Recreation Ground
2015/1108	Hatton	210,515	0	0	0	22/10/2026	Towards the enhancement of Scropton Road Recreation Ground
2016/0094	Midway	23,421	0	0	0	19/10/2025	Towards Eureka Park, Miner's memorial and Swadlincote Town Hall improvements
2016/0162	Hilton	85,185				N/A	Built facilities, Outdoor Sports, Open Space
2016/0288	Swadlincote	26,000	0	0	0	24/06/2026	Towards improving play or sports facilities at Swadlincote Woodlands
2016/0329	Woodville	28,960	0	0	0	02/07/2025	£5.5k towards improvements of the pavilion at Woodville Rec, £14k towards grass pitches at Woodville Rec, £9.3k towards Footpath connections at Woodville Woodlands - Including within the "Improvements to play areas" project
2016/0583	Aston	15,733	0	0	0	20/02/2024	Towards local areas of play - Derby City taking lead on spend
2016/0870	Aston	9,660	0	0	0	£4,775 - 26/06/2024 £4,885 - 21/11/2024	Towards provision of outdoor sports facilities at Aston recreation Ground - Aston PC claimed £5.3k in Oct-21 towards disabled access at Aston recreation centre
2016/0898	Aston	7,443	0	0	0	05/07/2023	Towards permitting public access to social and community facilities - Weston & Aston PC have project for RIA
2016/1118	Repton	34,767	0	0	0	£17,277 - 02/03/2026 £17,490 - 13/07/2026	£12.4k Towards extension of Repton Village Hall, £22.3k towards improvements to Broomfields Playing Fields

2017/0194	Repton	44,338	0	0	0	15/06/2026	£7.5k towards Repton Village Hall, £36.7k towards improvements & recreational facilities at Broomfields Playing Fields
2017/0349	Etwall	69,789		0	0	28/09/2025	£75k Potentially towards a sporting hub - discussions ongoing, £370.6k towards travel plan.
2017/0349	Etwall		1,580,131	0		05/01/2027	Affordable housing within the administrative area of the Council (North West fringe) – Council House Development Group exploring options
2017/0416	Church Gresley	24,979	0	0	0	N/A	£12k towards play equipment at Maurice Lea Memorial Park, £7k towards Woodhouse Recreation Ground, £4k towards Greenbank Leisure Centre
2017/0667	Newhall and Stanton	42,247		0	0	£42,246 - 02/02/2026 £76,182 - 02/02/2028	£76k Towards Urban Park project, £42k towards works to swimming pool at Green Bank
2017/0667	Newhall and Stanton		62,360	0	0	16/11/2025	Towards the provision of affordable housing on the Swadlincote South fringe – Council House Development Group exploring options
2017/0667	Newhall and Stanton		124,803	0	0	02/02/2026	Towards the provision of affordable housing on the Swadlincote South fringe – Council House Development Group exploring options
2017/0667	Newhall and Stanton		64,187	0	0	31/08/2026	Towards the provision of affordable housing on the Swadlincote South fringe– Council House Development Group exploring options
2017/0819	Seales	885	0	0	0	28/02/2023	Towards improving existing changing rooms at Overseal Recreation Ground. Currently speaking with Overseal PC
2017/0922	Deep Dale Lane	118,610	1,064,953			N/A	Community Facilities, Outdoor Sports, Affordable Housing Contributions – Council House Development Group exploring options
2017/1293	Hilton	66,339	203,817	0	0	04/10/2024	Towards the provision of native hedgerow planting as mitigation for the loss of hedgerow to be caused as a result of the Development
2018/0114	Swadlincote	15,835				N/A	Build, Open Space, Outdoor Sports Contribution
2018/0265	Linton	4,882	0	0	0	04/02/2027	Built facilities
2018/0377	Woodville	14,099	0	0	0	16/03/2026	£3.4k towards Goseley Community Centre, £10.6k towards Improvements to Swadlincote Woodlands. £6.2k paid to Hartshorne Cricket Club in Nov-21

2019/1183	Swadlincote	0	0	0	14,208	N/A	Towards the CCG and improvements at Swadlincote Surgery
2019/1205	Hilton	7,776	0	0	0	N/A	Towards enhancing and managing biodiversity
2020/1434	S106 Dove Valley Park	5,075	0	0	0	N/A	Towards Travel plan
2021/1686	Tetron Point, William Nadin Way	25,187	0	0	75,560	11/10/2027	Towards Drainage Contribution
TOTAL AVAILABLE		4,291,672	6,996,941	39,933	89,768	11,418,315	

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 12
DATE OF MEETING:	16 MARCH 2023	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	CHARLOTTE JACKSON charlotte.jackson@southderbyshire.gov.uk	DOC: s/finance/committee/22-23/Feb
SUBJECT:	TREASURY MANAGEMENT UPDATE 2022-23	REF
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendation

- 1.1 That the latest Treasury Management Update for quarter 3 2022/23 as detailed in **Appendix 1** is considered and approved.
- 1.2 That the updated Counterparty List for investments and bank deposits as detailed in **Appendix 2** is approved.

2.0 Purpose of the Report

- 2.1 To provide an update on the Council's treasury management activities for the third quarter of 2022/23.
- 2.2 To provide an update on external economic factors and how these may affect treasury management in the future.

3.0 Financial Implications

- 3.1 As detailed in the report

4.0 Corporate Implications

- 4.1 None directly

5.0 Community Implications

- 5.1 None directly

6.0 Background Papers

- 6.1 Treasury Management in the Public Services Code of Practice
(CIPFA Publication - December 2017)



South Derbyshire District Council

Treasury Management Report Q3 2022/23

Introduction

The Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve treasury management semi-annual and annual outturn reports. This quarterly report provides an additional update.

The Authority's treasury management strategy for 2022/23 was approved at a meeting on 23rd February 2022. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

The 2021 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Authority's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 23rd February 2022.

External Context

Economic background: The conflict in Ukraine continued to keep global inflation elevated and the UK and global economic outlook remains weak. Political uncertainty in the UK improved in the later part of the period following a change in government to what financial markets perceived as being more fiscally prudent.

The economic backdrop during the April to December period continued to be characterised by high energy and commodity prices, high inflation and the associated impact on consumers' cost of living, as well as little likelihood that the Russia-Ukraine hostilities will end any time soon. China started to lift some of its zero-Covid policy restrictions at the end of the period causing a sharp increase in infections, but also leading to questions over potential under reporting of the number of cases by the Chinese government due to how it is counting the figures.

Central Bank rhetoric and action continued to remain robust. The Bank of England, Federal Reserve and the European Central Bank all increased interest rates over the period and committed to fighting inflation, even in the face of potential recessions in those regions.

UK inflation remained high, but there were tentative signs it may have peaked. Annual headline CPI registered 10.7% in November, down modestly from 11.1% in October. RPI was 14% in November, down from 14.2% in October, but slightly above expectations for a larger fall to 13.9%.

The UK government under Rishi Sunak and Jeremy Hunt reversed some of the support to household energy bills announced under the previous Liz Truss leadership. The previous support package which would have seen average consumption cost £2,500 annually until 2024 was replaced by a less generous scheme which was only maintained at this level until

March 2023, to be replaced by a higher cap of £3,000 per year for the typical household from April onwards.

The labour market remained tight but with some evidence of softening demand for new labour. The unemployment rate 3m/year for April-June was 3.8%, which declined to 3.6% in July-September and picked up again to 3.7% in October-December. The inactivity rate was 21.5% in the latest quarter, down by 0.1% compared to the previous period. Pay growth in October-December was 6.1% for both total pay (including bonuses) and for regular pay. Once adjusted for inflation, however, both measures fell by 2.7%.

Household disposable income remained under pressure, pushing consumer confidence down to a record low of -49 in September, but following months showed registered modest improvements to December's reading of -42. Quarterly GDP for the April-June quarter was revised upwards to 0.2% (from -0.1%), following revisions to household and government spending, but fell by -0.3% in the July-September quarter, a larger decline than the -0.2% predicted.

The Bank of England increased the official Bank Rate to 3.5% over the period. From 0.75% in March, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the period, with outsized hikes of 50bps in August and September, 75bps in November and then another 50bps in December. November's rise was voted by a majority of 7-2, with one MPC member preferring a 0.5% rise and another a 0.25% rise. The December vote was 6-3, with two members preferring to keep Bank Rate on hold at 3% while one member wanted a larger increase of 0.75%. Once again, the Committee noted that domestic inflationary pressures are expected to remain strong and continuing rhetoric around combating inflation means further rate rises are predicted.

After hitting 9.1% in June, annual US inflation slowed for a further five consecutive months, with relatively strong falls in October to 7.7% and then in November to 7.1%. The Federal Reserve continued raising interest rates over the period with four consecutive increases of 0.75% in June, July, September, and November respectively, followed by 50bp in December taking policy rates to a range of 4.25% - 4.50%.

Eurozone CPI inflation hit a record-high of 10.6% y/y in October following rises in each month over the period. In November inflation fell to 10.1%, the first decline since June 2021. Energy prices remained the largest upward contribution to the price increase. The European Central Bank continued increasing interest rates over the period, pushing rates up by 0.50% in December following two consecutive months of 0.75% rises, taking the deposit facility rate to 2% and the main refinancing rate to 2.5%.

Financial markets: Uncertainty remained a key driver of financial market sentiment and bond yields remained relatively volatile due to concerns over elevated inflation and higher interest rates. In September and October, volatility in financial markets was significantly exacerbated by the fiscal plans of the then UK government (under Liz Truss), leading to an acceleration in the rate of the rise in gilt yields and decline in the value of sterling. However, the subsequent change of government leadership to Rishi Sunak and Jeremy Hunt lead to gilts yields falling in November and December, albeit at higher levels compared to earlier in the period.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to peak at 4.70% in September before ending the calendar year at 3.62%. Over the same timeframe the 10-year gilt yield rose from 1.61% to peak at 4.51% before falling back to 3.67%, while the 20-year yield rose from 1.82% to 4.96% and then declined to 4.03%. The Sterling Overnight Rate (SONIA) averaged 1.75% over the period.

Credit review: During the last few months of the period, in October Fitch revised the outlook on the UK sovereign to negative from stable following the largely unfunded fiscal package announced at the time, and a few weeks prior revised the outlook on HSBC to stable from negative.

Over the same timeframe Moody's also revised the UK sovereign to negative from stable, following swiftly after with a similar move for a number of local authorities and UK banks including Barclays Bank, National Westminster Bank (and related entities) and Santander.

Having completed its full review of its credit advice on unsecured deposits at UK and non-UK banks earlier in the year (May), Arlingclose extended the maximum duration limit for five UK banks, four Canadian banks and four German banks to six months. The maximum duration for unsecured deposits with other UK and non-UK banks on Arlingclose's recommended list is 100 days. These recommendations were unchanged at the end of the period.

Although local authorities remain under financial pressure, Arlingclose continues to take a positive view of the sector, considering its credit strength to be high. Section 114 notices have been issued by only a handful of authorities with specific issues. While Arlingclose's advice for local authorities on its counterparty list remains unchanged, a degree caution is merited with certain authorities.

Arlingclose continued to monitor and assess credit default swap levels for signs of credit stress but made no changes to the counterparty list or recommended durations. Nevertheless, market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

Local Context

On 31st March 2022, the Authority had net investments of £20.498m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in the table below.

Capital Financing Requirement (CFR)

	31.03.22 Actual £,000	31.12.22 Actual £'000
<u>Housing Revenue Account</u>		
Debt Outstanding	47,423	47,423

Capital Financing Requirement (CFR)	51,584	51,584
Statutory Debt Cap	66,853	66,853
Borrowing Capacity (Cap less Debt Outstanding)	19,430	19,430
<u>General Fund</u>		
Debt Outstanding	0	0
Capital Financing Requirement (CFR)	4,409	4,409
Statutory Debt Cap	4,409	4,409
Borrowing Capacity (Cap less Debt Outstanding)	4,409	4,409
Total Capital Financing Requirement (CFR)	55,993	55,993

The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, to reduce risk and keep interest costs low.

The treasury management position on 31st December 2022 and the change over the quarter is shown below.

Treasury Management Summary

	30.09.22 Balance £m	Movement £m	30.12.22 Balance £m	Average Rate %
Long-term borrowing:				
Fixed	47,423	0	47,423	3.19%
Variable	0	0	0	0.00%
Short-term borrowing	89	0	89	2.50%
Total borrowing	47,512	0	47,512	
Long-term investments	4,000	0	4,000	
Short-term investments	59,000	9,000	68,000	2.37%
Cash and cash equivalents	7,061	(1,619)	5,442	1.16%
Total investments	70,061	7,381	77,442	
Net investments	22,549	7,381	29,930	

Borrowing update

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

Borrowing Activity

As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

The cost of both long and short term borrowing has risen dramatically over the April – December period, with rates at the end of December around 2% - 3% higher than those at the beginning of April. Rate rises have been driven primarily by inflation and the need for central banks to control this by raising interest rates. Particularly dramatic rises were seen in September after Liz Truss' 'mini-budget' included unfunded tax cuts and additional borrowing to fund consumer energy price subsidies: over a twenty-four-hour period some PWLB rates increased to 6%. Rates have now fallen from September peaks but remain well above recent historical norms. The PWLB 10 year maturity certainty rate stood at 4.59% at the end of 2022.

In keeping with the Authority's objectives, no new borrowing was undertaken, while existing loans were allowed to mature without replacement. This strategy enabled the Authority to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

At 31st December 2022 the Authority held £47.4m of loans. These loans were taken out by the Authority in 2011/12 for the purpose of HRA self-financing. The principal element of these loans is repayable in full on maturity, with interest being paid each March and September.

The short-term borrowing of £89k relates to deposits received from two Parish Councils within the District. These loans can be recalled on immediate notice. Interest is calculated at the Bank of England Base Rate, less 1%. Interest will be payable half yearly after the 30th September and the second after 31st March.

The following table shows the maturity dates of the loans and rate of interest payable.

Borrowing Position

Loan Profile	Type	Value £'000	Rate %	Maturity
Public Works Loan Board	Fixed	10,000	2.70	2023/24
Public Works Loan Board	Fixed	10,000	3.01	2026/27
Public Works Loan Board	Fixed	10,000	3.30	2031/32
Public Works Loan Board	Fixed	10,000	3.44	2036/72
Public Works Loan Board	Fixed	7,423	3.50	2041/42
Total Long-term borrowing		47,423		
Short-term Parish Council Loans		89	2.50	
Total borrowing		47,512		

The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

Treasury Investment Activity

CIPFA revised TM Code defines treasury management investments as those which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use in the course of business.

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances ranged between £45m and £62m million due to timing differences between income and expenditure. The investment position is shown in the table below.

Treasury Investment Position

	31.03.22 Balance £'000	Q3 2022 Movement £'000	31.12.22 Balance £'000	31.12.22 Rate of Return %
Banks (unsecured)	4,010	1,432	5,442	1.16
Local Authorities	52,000	1,000	53,000	2.05
Money Market Funds	8,000	7,000	15,000	3.06
CCLA Property Fund	4,000	0	4,000	4.27
Total investments	68,010	9,432	77,442	

Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Bank Rate has increased from 0.75% at the beginning of the period under review to 3.5% at the end, with the prospect of further increases to come. Short-dated cash rates, which had ranged between 0.7% - 1.5% at the end of March, rose by around 2.7% for overnight/7-day maturities and 3.0% for 6-12 month maturities.

By end December, the rates on DMADF deposits ranged between 3.3% and 3.6%. The return on the Council's sterling Low Volatility Net Asset Value (LVNAV) Money Market Funds ranged 2.96% and 3.12% at the end of December.

Given the risk of short-term unsecured bank investments, the Authority has invested in alternative and/or higher yielding asset classes. £4m that is available for longer-term investment invested in strategic pooled property funds.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking below.

Investment Benchmarking – Treasury investments managed in-house (excludes CCLA)

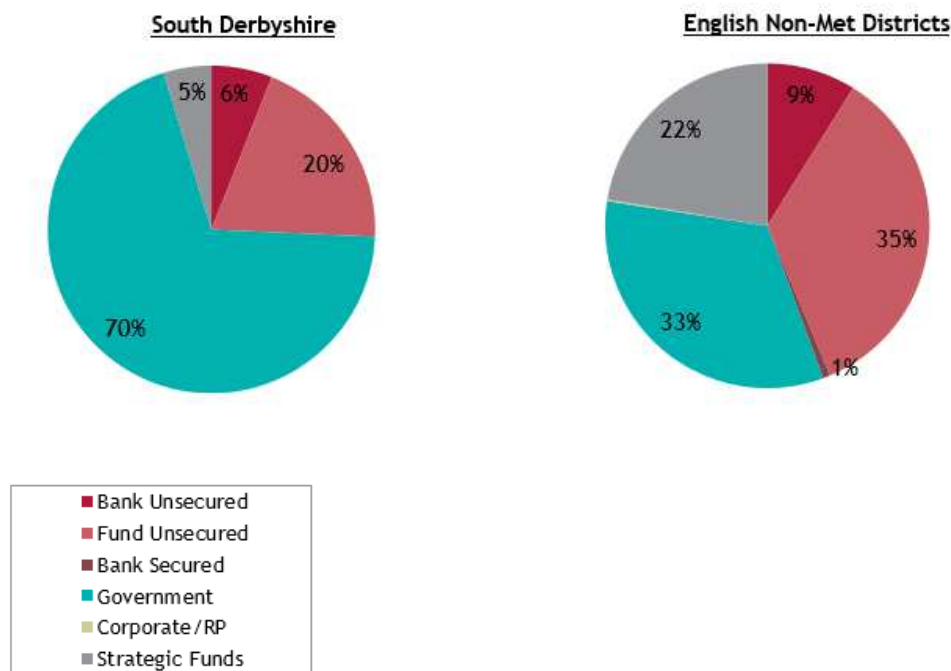
	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.12.2022	4.56	A+	27%	67	1.99
Similar LAs	4.41	AA-	59%	47	2.97
All LAs	4.41	AA-	60%	14	2.93

Credit Score: This is a value weighted average score calculated by weighting the credit score of each investment by its value. A higher number indicates a higher risk.

Credit Rating: This is based on the long-term rating assigned to each institution in the portfolio, by ratings agencies Fitch, Moody's and Standard & Poor's. Ratings rang from AAA to D, and can be modified by +/-

Bail in Exposure: The adoption of a bail in regime for failed banks results in a potential increased risk of loss of funds for local authority should this need to be implemented. Therefore, a lower exposure to bail in investments reduces this risk.

Weighted Average Maturity: This is an indicator of the average duration of the internally managed investments. Similar authorities have a similar profile to South Derbyshire; other larger authorities tend to hold a greater proportion of fund in money markets than fixed term deposits with other LAs, due to their cash flow requirements.



This chart illustrates the type of investment funds held by the Council in comparison to other similar Local Authorities, this shows in greater detail, the comparisons in the bail in exposure and rate of return, on the above security benchmark table. The unsecured funds held by other Local Authorities is a much higher percentage of their investment portfolio, which will offer them a higher rate of return, however the bail in exposure risk to funds is 59% of their total portfolio., The Council have invested their funds in much safer secured investments (Government) which may produce a smaller yield (1.99%) but the risk to Council funds is low at 27%.

Externally Managed Pooled Funds

£4m of the Authority's investments is invested in externally managed strategic pooled property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds are expected to generate an average return of £35k - £40k per quarter, its estimated £140k - £160k income return will be achieved this year, which is used to support services in year.

During the Q3 October-December period, financial markets experienced some relief from the losses endured through most of the year, although it was a mixed picture. Globally, equities saw positive returns as did some corporate bonds, but government bonds generally suffered. The UK was a bright spot, with some recovery from the tumultuous Liz Truss premiership, with gilt yields falling and the FTSE rising. Commercial property returns, which tend to operate on a lag, saw significant declines over the quarter, as market pricing finally reflected the economic and interest rate environment.

The overall April-December period remained a very difficult environment for almost all asset classes, largely driven by central bank rate increases in the fight against high inflation and Russia's continuing invasion of Ukraine. The increase in policy rates in the UK, US and Eurozone and the prospect of low growth/recessionary period ahead was also challenging

for equities, the FTSE All Share index falling from 4187 on 31st March to 4075 on 30th December, whilst the MSCI World Index fell from 3053 to 2602 over the same period. Commercial property prices fell for similar reasons, and this was reflected in the Authority's property funds.

Because the Authority's externally managed funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates.

CCLA Property Fund Performance

		2022/23	2022/23
		Q2	Q3
Dividend Received	£	40,603	38,408
Annual Equivalent Interest Rate	%	3.81%	4.27%
Bid (Selling) Price	pence/unit	347.79	289.39

The mid-market value of the fund as at the 31 December 2022 is £3,658,442.91 and the bid market value is £3,601,690.06. The quarters market and bid values have decreased from September 22 by 15.48%. This reinforces the notion that the Fund should only be considered for long-term investments.

The authority's investment in the CCLA fund will remain stable throughout 22/23 with performance continuing to yield positive dividends.

Performance

Average 7-Day Money Market Rate

The main indicator the Council uses to measure its return on short-term investments to average over the year, is the Average 7-Day Money Market Rate. This is a standard measure of performance. Performance for the third quarter is shown below.

	As at 30.12.22	As at 30.12.22
Average 7-Day Money Market Rate (Target)	1.72%	2.93%
Average Interest Rate Achieved on Short Term Deposits	1.23%	2.37%

Our current investment profile includes several local authority loans which were dealt during 21/22 financial year when interest rates were not as favourable. This therefore brings down the overall average interest-rate on short term deposits. The expectation being, as these loans mature higher interest rates will be achieved upon new dealings.

Cost of Debt

This indicator shows how much the costs of borrowing impact upon each household (at Band D Council Tax rate) in the District. The impact on Council Tax is positive as the General Fund has no actual debt. The performance for the third quarter is shown below using the current interest received and the estimated annual interest based on current returns. This is compared to the actual annual interest received last year.

General Fund Impact per Council Tax Payer	Actual 31.03.2022	Actual 31.12.22	Estimated 31.03.2023
	£'000	£'000	£'000
Net Interest Received - General Fund	-£136,959	-£296,616	-£420,828
Band D Properties	35,218	36,702	36,702
Cost per Band D Property	-£3.89	-£8.08	-£11.47

The cost of debt on each council tenant (HRA) is shown below. The performance for the first quarter is the actual costs compared to the estimated costs for the year.

HRA Debt Interest per Dwelling	31.03.22 Actual	31.12.2022 Estimated
HRA Interest Payable	1,527,260	1,504,805
Dwellings	2,949	2,937
Annual Cost per Dwelling	£517.89	£512.36

Compliance

The Chief Finance Officer reports that during the second quarter treasury management activities have fully complied with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy.

Compliance with specific investment limits is demonstrated in the table below:

Investment limits

Sector	Maximum Investment Q3 2022	Counterparty Limit	Time Limit	Sector Limit	Complied
The UK Government	£16m	£25m	364 days	n/a	✓
Local authorities & other	£40m	£5m	364 days	Unlimited	✓

government entities					
Banks (unsecured)*	£2.7m	£3m	35 days	Unlimited	✓
Building societies (unsecured)*	£2m	£2m	35 days	£5m	✓
Money Market Funds*	£16m	£2m	60 days	£16m	✓
Strategic Pooled Funds	£4m	£4m	n/a	£4m	✓
Other Investments*	0	£1m	35 days	Unlimited	✓

Arlingclose's Outlook for the remainder of 2022/23 and beyond

	Current	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Official Bank Rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.25	3.25	3.25	3.25
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00

Arlingclose expects Bank Rate to rise further during the remainder of 2022/23 and to reach 4.25% by around the first quarter of the financial year 2023/24.

The Bank of England's (BoE) Monetary Policy Committee raised Bank Rate by 50bps to 3.5% in December 2022 as expected. There were signs that some Committee members believe that 3% is restrictive enough, however, a majority think further increases in Bank Rate might be required. Arlingclose expects Bank Rate to peak at 4.25%, with further 25bps rises February, March and May 2023.

The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until wage growth eases. Arlingclose expects rate cuts will start in the first half of 2024.

Arlingclose expects gilt yields to remain broadly steady over the medium term, although with continued volatility across shorter time periods.

Gilt yields face pressures from hawkish US/euro zone central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales and high government borrowing will provide further underlying support for yields.

Background:

The influence of the mini-budget on interest rates and gilt yields continues to wane following the more fiscally prudent approach shown by the latest incumbents of Downing Street.

Volatility in global markets continues, however, as investors seek the extent to which central banks are willing to tighten monetary policy, as evidence of recessionary conditions builds. Investors have been more willing to price in the downturn in growth, easing financial conditions, to the displeasure of policymakers. This raises the risk that central banks will incur a policy error by tightening too much.

The UK economy is already experiencing recessionary conditions and recent GDP and PMI data suggests the economy entered a technical recession in Q3 2022. The resilience shown by the economy has been surprising, despite the downturn in business activity and household spending. Lower demand should bear down on business pricing power – recent data suggests the UK has passed peak inflation.

The lagged effect of the sharp tightening of monetary policy, and the lingering effects of the mini-budget on the housing market, widespread strike action, alongside high inflation, will continue to put pressure on household disposable income and wealth. The short- to medium-term outlook for the UK economy remains bleak.

Demand for labour appears to be ebbing, but not quickly enough in the official data for most MPC policymakers. The labour market remains the bright spot in the economy and persisting employment strength may support activity, although there is a feeling of borrowed time. The MPC focus is on nominal wage growth, despite the huge real term pay cuts being experienced by the vast majority. Bank Rate will remain relatively high(er) until both inflation and wage growth declines.

Global bond yields remain volatile as investors price in recessions even as central bankers push back on expectations for rate cuts in 2023. The US labour market remains tight, and the Fed wants to see persistently higher policy rates, but the lagged effects of past hikes will depress activity more significantly to test the Fed's resolve.

While the BoE appears to be somewhat more dovish given the weak outlook for the UK economy, the European Central Banks seems to harbour (worryingly) few doubts about the short term direction of policy. Gilt yields will be broadly supported by both significant new bond supply and global rates expectations due to hawkish central bankers, offsetting the effects of declining inflation and growth.

COUNTERPARTY LIST 2022/23
(as at December 2022)

Treasury investment counterparties and limits

Sector	Counterparty Limit	Time Limit	Sector Limit
The UK Government	£25m	364 days	n/a
Local authorities & other government entities	£5m	364 days	Unlimited
Banks (unsecured)*	£3m	35 days	Unlimited
Building societies (unsecured)*	£2m	35 days	£5m
Money Market Funds*	£2m	60 days	£16m
Strategic Pooled Funds	£4m	n/a	£4m
Other Investments*	£1m	35 days	Unlimited

This table must be read in conjunction with the notes below

*** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £5m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. The Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Operational bank accounts: The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £3m. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 13
DATE OF MEETING:	16 MARCH 2023	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.stackhouse@southderbyshire.gov.uk	DOC: h/KS/concurrent functions/unspent amounts
SUBJECT:	CONCURRENT FUNCTIONS - UNSPENT ALLOCATIONS	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That proposals from Parish Councils to utilise unspent allocations of Concurrent Functions relating to previous years as detailed in the report are considered.
- 1.2 That any payments approved in 1.1 above, are dependent upon evidence of expenditure incurred.
- 1.3 That consideration is given to the future allocations paid to Parishes that have underclaimed in past years.

2.0 Purpose of the Report

- 2.1 To highlight an accumulation of funds relating to unspent allocations of concurrent functions provided to Parish Councils, dating back several years.
- 2.2 Parish Councils affected, have submitted proposals to utilise these allocations for one-off projects, or as contributions towards initiatives in their parish.
- 2.3 It should be noted that this report is not considering a wholesale review of the current basis of allocations to each Parish, nor the principle of paying concurrent functions.
- 2.4 However, the Committee is requested to review the allocations to Parishes where there is a trend of unspent/unclaimed expenses.

3.0 Detail

Background

- 3.1 Under statutory regulations, concurrent functions are a set of services or facilities which are provided and maintained at different tiers of local government. Typically, this includes:

- Cemeteries
- Parks and open spaces
- Street Cleansing
- Closed Churchyards
- Community Centres and Village Halls
- Grants to Voluntary Organisations
- Litter Bins
- Public Clocks
- Public Conveniences
- War Memorials
- Bus Shelters

- 3.2 Since its inception in 1974, the Council has provided an annual grant to contribute towards the costs that Parish Councils incur in providing the above services or facilities, in addition to those provided by the District Council.
- 3.3 Councils are not required to have a concurrent functions scheme in place. Where they exist, grants are allowed under Section 136 of the Local Government Act 1972.

Council Allocations and Parish Expenditure

- 3.4 The Council has an overall budget of approximately £400,000 in 2022/23 for concurrent functions. Generally, the Council increases the Budget each year to reflect inflation and to update it for property numbers. From time to time, the underlying allocation of the overall Budget is reviewed. The last review was in 2019.
- 3.5 That review changed the basis of the allocation, from the number of Band D properties (used for Council Tax purposes) in each Parish, to the total number of properties. This change was implemented to reflect the levels of housing growth across the District and was applied from 2020/21.
- 3.6 The Council has discretion on the level of funding given to parishes under concurrent functions (if any) and how it is distributed. Effectively, individual parishes are given a cash limit and if eligible expenditure exceeds this limit, the Parish are required to fund the difference.

Claiming Allocations

- 3.7 Individual allocations are not automatically paid by the Council. There is a process which covers the payment of grants which principally consists of parishes submitting evidence of expenditure via a claims process. The process is audited.
- 3.8 Many parishes exceed their allocation for many reasons. Where any parishes have not claimed their full allocation, the remaining amounts have been accrued in the Council's accounts as a Creditor.

Unclaimed Amounts

- 3.9 These are detailed in **Appendix 1** and highlight amounts unclaimed up to 2021/22. The total for each Parish is summarised below:

	Balance Unclaimed £
Barrow on Trent Parish Council	200
Bretby Parish Council	31,155
Burnaston Parish Council	6,808
Castle Gresley Parish Council	6,822
Church Broughton Parish Council	3
Dalbury Lees Parish Council	783
Egginton Parish Council	1,041
Foston & Scropton Parish Council	1,099
Hartshorne Parish Council	12,402
Shardlow & Great Wilne Parish Council	113
Walton on Trent Parish Council	11,948
Woodville Parish Council	622
Total	72,996

- 3.10 Of the 31 eligible parishes in the District, 12 (as above) have unclaimed amounts of which some have small, odd amounts not claimed. As regards the larger amounts, there seems to have been a trend of unclaimed amounts in recent years, with 1 Parish in particular (Bretby) consistently underclaiming by a relatively large amount dating back to 2013/14. Of the £72k unclaimed in total, approximately £31k relates to Bretby.
- 3.11 In this situation, the unclaimed amounts would now normally be written back to the General Fund Reserve. Before doing so, the Council has contacted the Parishes involved to confirm that no actual claim was outstanding or waiting to be submitted. In any case, with the passing of time, it would be difficult to justify or pay a retrospective claim.
- 3.12 Having gained some more qualitative information, Parish responses show some have received additional income/grants to offset expenses. In addition, Walton Parish Council have received larger amounts of income in the last 2 years from the Village Hall, which has offset expenditure.
- 3.13 As part of this process, some parishes enquired about the possibility of using their unclaimed amounts for one-off projects. Consequently, they were given the opportunity to submit proposals for consideration by the Finance and Management Committee.
- 3.14 Requests submitted are detailed in the following table.

Parish	Proposal
Barrow-on-Trent	<p><u>£200 available</u></p> <p>To upgrade windows of 10 Grade II listed cottages let out to people who have been/are or are closely related to people who have lived in the Parish for 10 years or more. This is done at a below market rent as an aid to people of the Parish. The cottages are in very bad need of new windows and as Grade II listed, Planning are insisting on Hardwood Windows, which are estimated at £72,000. The Parish have requested that any money available to help towards this would be greatly received.</p>

Bretby	<p><u>£31,155 available</u></p> <p>The Parish Council is responsible for the war memorial which is on the village green - it is not a standard war memorial, instead it is a village pump. The pump needs repairing - the wooden casing and the lead flashing need to be replaced and the pump needs to be cleaned.</p> <p>The Parish have estimated that the materials for the works will cost in the region of £2,000 - £2,500, with an additional cost for labour.</p>
Burnaston	<p><u>£6,808 available</u></p> <p>£2,487 (based on an official quote) to replace the front door at Burnaston Village Hall. £4,000 (estimated) to replace the boiler in the Village Hall, both projects aiming to increase the energy efficiency of the building. The parish would also like to conduct an energy efficiency audit of the Village Hall.</p>
Egginton	<p><u>£1,041 available</u></p> <p>£1,086 (based on an official quote) for new planting and landscaping outside the village church to commemorate the Coronation of King Charles in May.</p>
Foston and Scropton	<p><u>£1,099 available</u></p> <p>To contribute to the replacement of worn-out wooden notice boards in the Parish, with robust metal designs. Total cost of £1,458 based on an official quote.</p>
Hartshorne	<p><u>£12,402 available</u></p> <p>To contribute to the replacement of play equipment on the recreation ground in Main Street at a total cost of £17,501 (based on an official quote).</p>
Shardlow and Great Wilne	<p><u>£113 available</u></p> <p>To contribute to several projects (at the discretion of the Parish) including replacement of dog bins (£120) security bollards to the playing fields (£300 to £500) and PPE for litter pickers (cost unknown).</p>
Walton-on-Trent	<p><u>£11,948 available</u></p> <p>Request to use £6,000 in 2022/23 to offset the loss of income and consequently an increase in overall concurrent expenditure, due to the refurbishment of the Village Hall. In addition, that the remaining amount is used to upgrade the play equipment at SDDC's park area and/or some additional mowing to the grassed area.</p>

3.15 If approved, it is recommended that payment will be dependent on evidence of expenditure incurred and capped at the amounts unclaimed (noted as available in the above table) and detailed in Appendix 1

3.16 Appendix 1 also highlights that several Parishes and in particular Bretby, have a history of underclaims. In Bretby's case, the Parish do not appear to have an inherent need to

claim the current level for Concurrent Functions due to the limited facilities in the Parish itself.

- 3.17 Therefore, the Committee are requested to consider the future allocations to these Parishes.

4.0 Financial Implications

- 4.1 As detailed in Section 3. If any of the proposals are agreed by the Committee, they will be financed by the release of the Creditor in the Council's Accounts. Any remaining amounts will be written back to the General Fund Reserve.

5.0 Corporate Implications

Risks

- 5.1 None directly for the Council.

Legal Implications

- 5.2 None directly.

6.0 Community Implications

- 6.1 The release of any amounts proposed by the individual Parishes, will contribute to the development and upgrade of local community facilities.

7.0 Background Papers

- 7.1 None

APPENDIX 1 UNCLAIMED EXPENSES (All figures in round pounds)

Parish Council	Reasons	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total	Total Allocation 2022/23
Barrow-on-Trent	Expenses submitted under limit		200						-	-	200	5,083
Bretby	majority spent on admin fees (not allowed expense)	3,013	3,112	3,104	3,261	3,186	3,601	3,599	4,091	4,188	31,155	4,358
Burnaston	Expenses submitted under limit			1,547	876	673			3,712		6,808	7,236
Castle Gresley	Expenses submitted under limit								2,986	3,836	6,822	10,854
Church Broughton	Expenses submitted under limit								3		3	2,662
Dalbury Lees	Receives DCC community grant							223	414	146	783	1,425
Egginton	Expenses submitted under limit								1,041	-	1,041	2,973
Foston & Scropton	Expenses submitted under limit							1,099	-	-	1,099	3,259
Hartshorne	Expenses submitted under limit and additional income received						861	1,200	3,937	6,404	12,402	19,678
Shardlow & Great Wilne	Expenses submitted under limit						113		-	-	113	6,495
Walton-on-Trent	Large income from Community Centres and Village Halls								5,561	6,386	11,948	8,903
Woodville	Expenses submitted under limit	45							577		622	29,613
Total		3,058	3,312	4,651	4,137	3,859	4,575	6,121	22,322	20,960	72,996	

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 14
DATE OF MEETING:	16 MARCH 2023	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (EXT 5811) kevin.stackhouse@southderbyshire.gov.uk	DOC:
SUBJECT:	COMMITTEE WORK PROGRAMME	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: G

1.0 Recommendations

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

2.0 Purpose of Report

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

3.0 Detail

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

4.0 Financial Implications

4.1 None arising directly from this report.

5.0 Background Papers

5.1 Work Programme.

Finance and Management Committee Work Programme for the Municipal Year 2022/23

Work Programme Area	Date of Committee Meeting	Contact Officer (Contact details)
Corporate Resources & Chief Executive Service Plans 2022/23	9 June 2022	Fiona Pittam (Head of Organisational Development & Performance) Fiona.pittam@southderbyshire.gov.uk (07480 836879)
Corporate Plan Performance Monitoring 2021/22: Quarter 4	9 June 2022	Fiona Pittam (Head of Organisational Development & Performance) Fiona.pittam@southderbyshire.gov.uk (07480 836879)
Compliments, Comments, Complaints and FOI Requests: October 2021 to March 2022	9 June 2022	Kevin Stackhouse (Strategic Director) Kevin.stackhouse@southderbyshire.gov.uk (01283 595811)
Energy Rebate: Proposed Policy for Distributing Government Funding under a Discretionary Scheme	9 June 2022	Lizzie Barton (Head of Customer Services) Elizabeth.barton@southderbyshire.gov.uk (07552 248759)
Final Revenue Budget Outturn 2021/22	21 July 2022	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Treasury Management Annual Report 2021/22	21 July 2022	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk

Final Capital Outturn 2021/22	21 July 2022	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Equality, Diversity, and Inclusion Strategy and Action Plan 2021 to 2025 – Proposed Resourcing	21 July 2022	Fiona Pittam (Head of Organisational Development & Performance) Fiona.pittam@southderbyshire.gov.uk (07480 836879)
Annual Training Report 2021/22 and Priorities for 2022/23	21 July 2022	Fiona Pittam (Head of Organisational Development & Performance) Fiona.pittam@southderbyshire.gov.uk (07480 836879)
Discretionary Housing Payment Fund Enhancements 2022/2023	21 July 2022	Lizzie Barton (Head of Customer Services) Elizabeth.barton@southderbyshire.gov.uk (07552 248759)
Corporate Plan Performance Monitoring 2022/23: Quarter 1	25 August 2022	Fiona Pittam (Head of Organisational Development & Performance) Fiona.pittam@southderbyshire.gov.uk (07480 836879)
General Fund Revenue Financial Monitoring 2022/23	25 August 2022	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Collection Fund Position 2022/23	25 August 2022	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Housing Revenue Account Monitoring 2022/23	25 August 2022	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk

Capital Financial Monitoring 2022/23	25 August 2022	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Treasury Update 2022/23	25 August 2022	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Transformation Plan Update	25 August 2022	Anthony Baxter (Head of Business Change and IT) Anthony.baxter@southderbyshire.gov.uk
Financial Contribution Towards an Active Schools Partnership PE & School Sport Apprentice Through Amber Valley School Sport Partnership (AVSSP)	25 August 2022	Ian Gee (Active Schools Partnership Officer) Tony.gee@southderbyshire.gov.uk
Corporate Plan Performance Monitoring 2022/23: Quarter 2	24 November 2022	Fiona Pittam (Head of Organisational Development & Performance) Fiona.pittam@southderbyshire.gov.uk
General Fund Revenue Financial Monitoring 2022/23	24 November 2022	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Housing Revenue Account Monitoring 2022/23	24 November 2022	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Collection Fund Position 2022/23	24 November 2022	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Capital Financial Monitoring 2022/23	24 November 2022	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk

Treasury Update 2022/23	24 November 2022	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
A Review of Earmarked Reserves	24 November 2022	Kevin Stackhouse (Strategic Director) Kevin.stackhouse@southderbyshire.gov.uk
Compliments, Comments, Complaints and FOI Requests: April 2022 to September 2022	24 November 2022	Kevin Stackhouse (Strategic Director) Kevin.stackhouse@southderbyshire.gov.uk
Annual Health and Safety Report 2021-22 and Action Plan 2022-23	24 November 2022	David Clamp David.clamp@southderbyshire.gov.uk
Recruitment and Selection Panel Appointment	24 November 2022	Frank McArdle (Chief Executive) David.clamp@southderbyshire.gov.uk
D2N2 Funding Programme for a pilot hydrogen fuelled waste collection service – amended recommendation.	24 November 2022	John Kinderman (Climate & Environment Officer) john.kinderman@southderbyshire.gov.uk
Service Base Budgets 2023/24	12 January 2023	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Council Tax Base 2023/24 and Collection Fund Surplus 2022/23	12 January 2023	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk

Proposed Local Council Tax Support Scheme 2023/24	12 January 2023	Catherine Grimley (Head of Customer Services) Catherine.grimley@southderbyshire.gov.uk
Decarbonisation: Wave 2.1 Grant Bid	12 January 2022	Paul Whittingham (Head of Housing) Paul.whittingham@southderbyshire.gov.uk
Annual Statement of Accounts 2020/21	12 January 2022	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
General Fund Consolidated Budget 2022/23 and MTFP to 2028	09 February 2023	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Housing Revenue Account Budget 2023/24 and Financial Plan to 2033	09 February 2023	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Capital Programme Budget and Financing 2023 to 2028	09 February 2023	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Audit of Accounts and Financial Statements	09 February 2023	Kevin Stackhouse (Strategic Director (Corporate Resources)) Kevin.stackhouse@southderbsyhire.gov.uk
Toyota City	09 February 2023	Frank McArdle (Chief Executive) Frank.mcardle@southderbyshire.gov.uk

Corporate Plan Performance Monitoring 2022/23: Quarter 3	16 March 2023	Fiona Pittam (Head of Organisational Development & Performance) Fiona.pittam@southderbyshire.gov.uk (07480 836879)
General Fund Revenue Financial Monitoring 2022/23	16 March 2023	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Housing Revenue Account Financial Monitoring 2022/23	16 March 2023	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Collection Fund Position 2022/23	16 March 2023	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Capital Financial Monitoring 2022/23	16 March 2023	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Treasury Update 2022/23	16 March 2023	Charlotte Jackson (Head of Finance) Charlotte.jackson@southderbyshire.gov.uk
Concurrent Functions – Unspent Allocations	16 March 2023	Kevin Stackhouse (Strategic Director (Corporate Resources)) Kevin.stackhouse@southderbyshire.gov.uk
Proposed Policy for Paying Market Supplements	TBC	Fiona Pittam (Head of Organisational Development & Performance) Fiona.pittam@southderbyshire.gov.uk