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Our Ref: DS
Your Ref:

Date: 20th August 2019

Dear Councillor,

Finance and Management Committee

A Meeting of the **Finance and Management Committee** will be held in the **Council Chamber**, on **Thursday, 29 August 2019 at 18:00**. You are requested to attend.

Yours faithfully,



Chief Executive

To:- **Conservative Group**

Councillor Watson (Chairman), Councillor Fitzpatrick (Vice-Chairman) and Councillors Angliss, Billings, Mrs. Brown, Ford, MacPherson and Roberts

Labour Group

Councillors Dr. Pearson, Rhind, Richards, Southerd and Taylor

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 Meeting:

Audit Sub-Committee 24th July 2019 Open Minutes **4 - 7**
- 3** To note any declarations of interest arising from any items on the Agenda
- 4** To receive any questions by members of the public pursuant to Council Procedure Rule No.10.
- 5** To receive any questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 6** Reports of Overview and Scrutiny Committee
- 7** CORPORATE PLAN 2016-21 PERFORMANCE REPORT **8 - 32**
- 8** REVENUE FINANCIAL MONITORING 2019/20 **33 - 47**
- 9** CAPITAL FINANCIAL MONITORING 2019-20 **48 - 53**
- 10** TREASURY MANAGEMENT UPDATE 2019-20 **54 - 66**
- 11** DEBT MANAGEMENT POLICY **67 - 84**
- 12** PICTORIAL WILDFLOWER PLANTING TRIAL **85 - 89**
- 13** COMMITTEE WORK PROGRAMME **90 - 95**

Exclusion of the Public and Press:

- 14** The Chairman may therefore move:-
That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.
- 15** To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 16** LAND IN SWADLINCOTE
- 17** ONE PUBLIC ESTATE
- 18** SOUTH DERBYSHIRE ACTIVE SCHOOLS PARTNERSHIP
- 19** EXTENSION OF CONTRACT-PARKLIFE OFFICER
- 20** STRUCTURE REVIEW BUSINESS CHANGE AND ICT
- 21** PAYROLL SERVICES AND STRUCTURE OF THE FINANCIAL SERVICES UNIT
- 22** BAD AND DOUBTFUL DEBTS

AUDIT SUB-COMMITTEE

24th July 2019

PRESENT:-

Conservative Group

Councillor Atkin (Vice-Chairman) and Councillor Churchill

Labour Group

Councillor Dunn and Shepherd

In Attendance

Councillor Roberts

AS/14 **APOLOGIES**

Apologies were received from Councillor Whittenham (Chairman).

AS/15 **DECLARATIONS OF INTEREST**

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

AS/16 **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/17 **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 TO SUB-COMMITTEE

AS/18 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Auditor presented the report to the Sub-Committee, detailing the completed audit assignments within the period. The Internal Auditor noted two audit assignments had been completed; the Rosliston Forestry Centre 2018-2019 audit received a comprehensive assurance rating with three low risks recommendations and the Housing Safety Inspections received a limited assurance rating with fourteen recommendations, one of which was rated as a significant risk.

Councillor Churchill raised queries relating to the Housing Safety Inspection regarding asbestos management, particularly within communal areas, asbestos classification and if the Department had sufficient resources to address the identified risks. The Head of Housing addressed the queries, noting there were different types of asbestos which have to be dealt with properly. He explained a new contractor had been procured to deal with this and all asbestos related issues were managed through a portal, although he advised additional investment in ICT would need to be made and this was under review. He further noted efforts were being made to review how large contracts were managed.

Councillor Dunn queried, in relation to one of the low risk recommendations identified, if unqualified staff members were able to sign off electrical inspections. The Head of Housing noted that was not happening as additional requirements within the process, such as electrical certificates, were mandatory for inspections to be signed off.

Councillor Shepherd requested a copy of the completed Corporate Governance 2018/19 report to learn of the auditor's determination for not bringing the governance concern relating to The Infinity Garden Village decision to the Sub-Committee. The Internal Auditor noted the request, highlighting the scope of the audit was to review the Annual Governance Statement's content in line with the latest standards and how best to present the information to the public; The Infinity Garden Village was not part of the audit's scope.

The Strategic Director (Corporate Resources) informed the Sub-Committee investigations had been completed by the Monitoring Officer and the Chief Executive into The Infinity Garden Village as a potential governance issue and that a confidential report had been issued to relevant Members. He directed the Member to the Monitoring Officer and Chief Executive regarding any lingering concerns related to the investigation.

The Chairman requested clarification on the actions being taken to address the significant risk identified in the Housing Safety Inspections audit. The Head of Housing advised the Sub-Committee a specialist contractor was required for the work to be completed, which has now been procured, and associated work would be progressed over the remainder of the year.

The Chairman further requested clarification regarding PCI compliance. The Strategic Director (Corporate Resources) informed the Sub-Committee PCI compliance related to the required process around taking payments over the telephone in order to prevent fraud; he noted there are controls in place to mitigate the opportunities for fraud.

The Chairman thanked the Internal Auditors for the work completed.

RESOLVED:-

The Sub-Committee considered the report of the Audit Manager and any issues identified be referred to the Finance and Management Committee or subject to a follow-up report as appropriate.

AS/19 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) informed Members Audit training would be made available to Sub-Committee Members on Wednesday, 18th September 2019 at 2.30pm prior to the next Audit Sub-Committee. Councillor Dunn requested the training is made available to all Council Members.

The Strategic Director (Corporate Resources) further informed Members a special Audit Sub-Committee has been arranged for Thursday, 28th November 2019 at 2pm to consider the External Auditor's report titled 'Audit Results Report (ISA 260) for the year ending 31st March 2019,' prior to the Finance and Management Committee in the evening.

The External Auditor updated the Sub-Committee on the recruitment process, noting it was a very challenging situation, but he felt confident the audit would be able to commence in early October.

RESOLVED:-

Members considered and approved the updated work programme.

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

RESOLVED:-

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

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 5.00pm.

COUNCILLOR N ATKIN

VICE - CHAIRMAN

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 7
DATE OF MEETING:	29th AUGUST 2019	CATEGORY: DELEGATED
REPORT FROM:	LEADERSHIP TEAM	OPEN DOC:
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (5811) FRANK MCARDLE (5700)	
SUBJECT:	CORPORATE PLAN 2016-21: PERFORMANCE REPORT (QUARTER 1 – 1 APRIL TO 30 JUNE)	
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: G

1.0 Recommendations

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

2.0 Purpose of Report

- 2.1 To report progress against the Corporate Plan for the year end performance under the themes of People, Place, Progress and Outcomes.

3.0 Detail

- 3.1 The Corporate Plan 2016 – 2021 was approved following extensive consultation into South Derbyshire's needs, categorising them under four key themes: People, Place, Progress and Outcomes. The Corporate Plan is central to 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 following key aims:

Outcomes

- *Maintain financial health*
- *Maintain proper corporate governance*
- *Maintain a skilled workforce*
- *Maintain customer focus*
- *Minimise business risks and realise the benefits of technological opportunities*

People

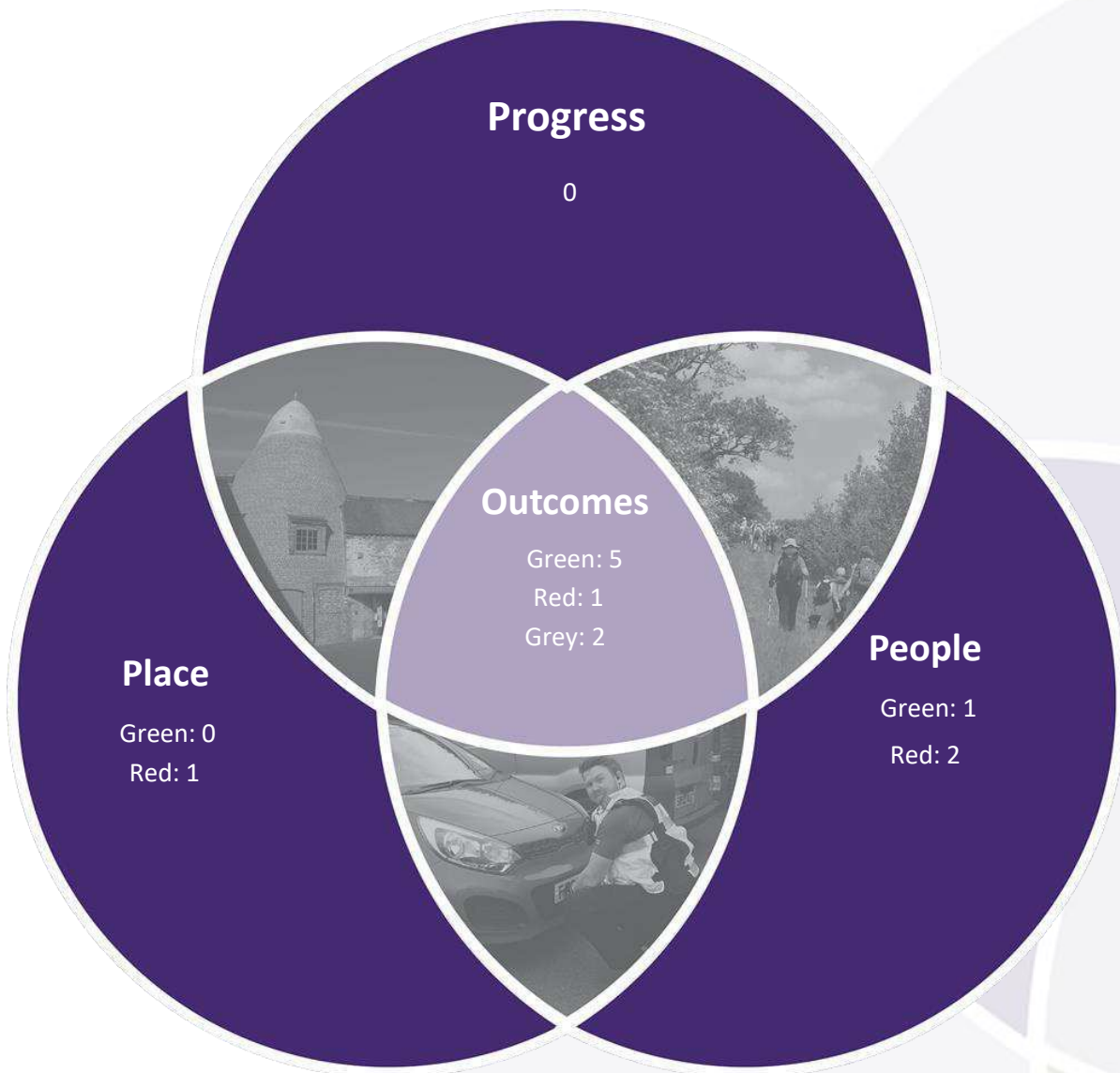
- *Protect and help support the most vulnerable, including those affected by financial challenges.*

Place

- *Facilitate and deliver integrated and sustainable housing and community infrastructure*

These aims are underpinned by outcomes including financial health, improved customer focus, good governance, enhanced environmental standards and maintaining a skilled workforce.

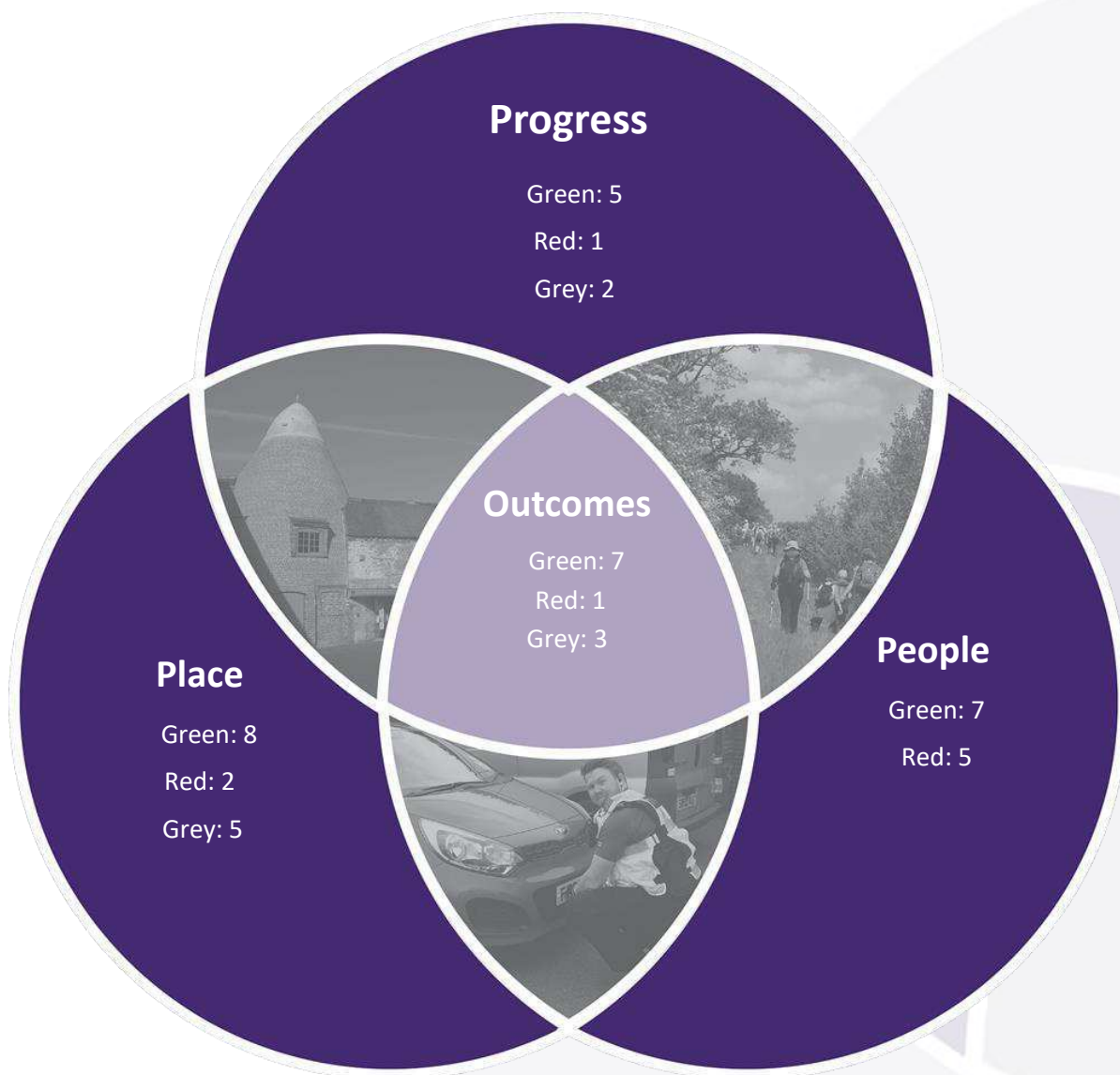
- 3.3 Of the 12 measures and projects under the jurisdiction of the Finance and Management Committee, six are green, four red and two grey. More information can be found in the Performance Board in **Appendix A**. A detailed breakdown of performance for the committee is available in the performance summary, success areas and action plan documents (**Appendices B C and D respectively**).



- 3.5 The Risk Register for the Committee's services is detailed in **Appendix E, F and G**. This includes the registers and risk mitigation plans for the Corporate Resources and Chief Executive's Directorate, together with the Council's Strategic Risk Register.
- 3.6 Each risk has been identified and assessed against Corporate Plan aims and are considered to be the most significant risks to the Council in achieving its main objectives. The Risk Registers detail a matrix to show how each identified risk has been rated.

4.0 Overall Council performance – Quarter 1 19-20

Of the 46 Council projects/measures, there are 27 green, nine red and ten grey at the end of Quarter 1 2019/20.



5.0 Financial and Corporate Implications

Employment Implications

5.1 None directly

Legal Implications

5.2 None directly

Corporate Plan Implications

5.3 This report updates Members on the progress against the key measures agreed in the Corporate Plan and demonstrates how priorities under the People, Place, Progress and Outcomes themes contribute to that aspiration.

Risk Impact

- 5.4 Key risks impacting on this Committee are detailed in Appendix E, alongside the treatment and the mitigating actions in place to manage these risks.

6.0 Community Impact

Consultation

- 6.1 None required

Equality and Diversity Impact

- 6.2 Not applicable in the context of the report

Social Value Impact

- 6.3 Not applicable in the context of the report

Environmental Sustainability

- 6.4 Not applicable in the context of the report

7.0 Appendices

Appendix A – Performance Board
Appendix B – Finance and Management: Performance Summary
Appendix C – Finance and Management: Key Successes
Appendix D – Finance and Management: Action Plans
Appendix E – Chief Executives Risk Register
Appendix F – Corporate Resources Risk Register
Appendix G – Strategic Risk Register

Theme	Key Aim	Strategic measure / projects	Annual Target	Q1 Target	Q1 Performance	Detail
Outcomes	Maintain financial health	O1.1 Identify £1m of budget savings and additional income by March 31, 2023	Project Milestones	No Action required		No Action required for Quarter 1
Outcomes	Maintain financial health	O1.2 Rent arrears as a % of rent due.	< 2.5%	< 2.5%	2.47%	Current Tenant arrears at the end of Quarter 1 were £295,838. The total rent due during Quarter 1 was £11,978,160
Outcomes	Maintain proper corporate governance	O2.1 An unqualified opinion in the Annual Audit Letter.	Project Milestones	No Action Q1.		No Action required for Quarter 1
Outcomes	Enhance environmental standards.	O3.1 Uphold strong environmental management standards.	Project Milestones	Address all minor non-conformities and observations from the October ISO14001 audit.		All 5 minor non-conformities have now been addressed.
Outcomes	Maintain a skilled workforce.	O4.1 The average working days lost per employee.	Less than 8 days per year (2 days per quarter). To be broken down into short and long term sickness absence.	< 2 days	2 days	On target at end of Quarter 1. 20% improvement on performance when compared to the same period over the previous two years.
Outcomes	Maintain customer focus.	O5.1 Expand services in the Customer Contact Centre and maintain facilities for face to face enquiries where required	80% of telephone calls answered within 20 seconds.	> 80%	76%	See Action Plan
Outcomes	Maintain customer focus.	O5.2 Expand services in the Customer Contact Centre and maintain facilities for face to face enquiries where required	Call abandonment rate of less than 8%	< 8%	8%	April and especially May were had more contact than was expected and the abandoned rate was higher than normal, the Council able to pull it back in June to meet the quarter average.
Outcomes	Maintain customer focus.	O5.3 To gather customer satisfaction data in a cost effective way and use the data to manage and improve services	Project Milestones	Review and implement a new method of collection for tenant satisfaction across Housing.		Preliminary discussions have taken place with providers of STAR(T) customer satisfaction method. Wider discussions to be had with IT and Business Change relating to potential Council wide solutions.
Outcomes	Maintain customer focus.	O5.4 To provide a value for money service that fully meets the needs of our tenants and delivers high levels of customer satisfaction	Project Milestones	Develop proposals to implement findings following the Housing Quality Network review of the Housing service.		Outcome of the HQN Review reported to Committee in June 2019. Action plan and project team are now in place
Outcomes	Minimise business risks and realise the benefits of technological opportunities.	O6.1 Build IT infrastructure resilience to support change and minimise business risks.	Project Milestones	Q1. Procurement and Commission of virtualised servers and Network Storage. Q1. Commission of secure mobile device management (MDM) and new smartphones.		New virtual servers and network storage have been commissioned. Migration of data is ongoing. Mobile device management (MDM) installed and smartphones have been issued to over 100 users. Remaining users are being targets on a departmental basis.
Outcomes	Minimise business risks and realise the benefits of technological opportunities.	O6.2 Agree and deliver business change programme to support core objectives.	Project Milestones	Q1. Review of Cloud Solution for Revenues and Benefits. Q1. Housing Service Modernisation Review.		Contract signed for Revenues and Benefits cloud solution. Project to migrate by December 2019 is underway. Housing Modernisation Review has started and will continue through Quarter 2
People	Enable people to live independently	PE1.1 Average time taken to re-let Council homes (excluding major voids)	<21 days	< 21 days	99.6	See Action Plan
People	Enable people to live independently	PE1.2 Average length of time for current voids	<21 days	< 21 days	59.8	See Action Plan

Theme	Key Aim	Strategic measure / projects	Annual Target	Q1 Target	Q1 Performance	Detail
People	Enable people to live independently	PE1.3. Delivery of Better Care Fund (BCF) schemes in accordance with assurance plans. NEW.	Project Milestones	Report on the delivery of the £980k BCF programme for 2018/19.		The BCF plan was approved by the BCF Board on 29 th April in Quarter 1, the Council have since received a further £792,375 of grant for 2019/20. The BCF projects will continue to be monitored and progressed with quarterly reports taken to BCF Board outlining progress against each scheme and potential carry over of funding into 2020. We have not established Hospital Avoidance Scheme yet which accounts for £100k per year
People	Protect and help support the most vulnerable, including those affected by financial challenges.	PE2.1 Number of successful introductory tenancies	>85%	> 85%	90%	The pre tenancy and induction process for new tenants are in the process of being reviewed.
People	Protect and help support the most vulnerable, including those affected by financial challenges.	PE2.2 Average time for processing new Benefit claims.	< 18 days	< 18 days	22.9	See Action Plan
People	Protect and help support the most vulnerable, including those affected by financial challenges.	PE2.3 Average time for processing notifications of changes in circumstances.	< 8 days	< 8 days	10.6	See Action Plan
People	Protect and help support the most vulnerable, including those affected by financial challenges.	PE2.4 Successful roll out of Universal Credit in South Derbyshire.	Project Milestones	Embed revised working relationships with Citizens Advice South Derbyshire and City on new claim support.		Meeting has been held between Ben Taylor and Samantha Worthington (Citizens Advice) handing over Personal Budgeting/Assisted Digital Support to 'Help to Claim' on 14th March 2019. A direct email address has been created as a direct referral point for any resident needing assistance in claiming UC. The Chief Executive of Citizen's Advice attends Welfare Reform Group to provide updates on operational development.
People	Use existing tools and powers to take appropriate enforcement action.	PE3.1 Number of empty home intervention plans for dwellings known to be empty for more than two years.	≥10	. ≥0	4	Four long term empty properties are now occupied or sold following the Council's intervention. These are at Woodmans Croft, Hatton; Dundee Road, Midway; Bretby Lane and Larch Road, Newhall
People	Increase levels of participation in sport, health, environmental and physical activities.	PE4.1 Throughput at Etwall Leisure Centre, Green Bank Leisure Centre and Rosliston Forestry Centre.	Target to be confirmed	Rosliston: Q1. 50,000 Leisure centres: Quarterly target 172,108, as per contract agreement. Walking Festival: 1,250 Community Participation: Q1. 21,465 Q1 Total Target: 244,823	374,368	60,079 visitors attended Rosliston Forestry Centre during the quarter. Participations at all leisure centres were 289,374. The Walking Festival had 1,780 attendees and there were 23,135 Community Participations during the quarter.
People	Increase levels of participation in sport, health, environmental and physical activities. H&CS	PE4.2 Delivery of the Active Derbyshire SLA for South Derbyshire.	Project Milestones. Target to be confirmed once SLA is finalised in the New Year.	Action Plan developed and milestones agreed with Active Derbyshire		Action Plan has been developed with Active Derbyshire and is now being implemented.
People	Reduce the amount of waste sent to landfill.	PE5.1 Household waste collected per head of population (kg)	<445kgs	<130kgs	109kgs	
People	Reduce the amount of waste sent to landfill.	PE5.2 % of collected waste recycled and composted.	>50%	>54%	52%*	*Estimated data, verified data not available until September, dry recycling tonnage is increasing. However, residual tonnages have also increased whilst compost tonnages have decreased.
Place	Facilitate and deliver a range of integrated and sustainable housing and community infrastructure.	PL1.1 Total number of affordable dwellings delivered.	>150 for the year	Annual Target >150	53	53 Affordable homes delivered during Quarter 1. 19 at Affordable Rent, 19 at Social Rent and 15 Shared Ownership homes.
Place	Facilitate and deliver a range of integrated and sustainable housing and community infrastructure.	PL1.2 Adopt Countywide Strategy – Housing and Accommodation for an ageing population: Vision for Derbyshire to 2035. NEW.	Project Milestones	Q1 and Q2. Ensure at least 10% of all new affordable housing provision secured through Section 106 agreements or planning conditions is either adapted for disabled use or built to lifetime homes standards.		The Countywide 'Older People's Housing Accommodation and Support Strategy' for Derbyshire has now been approved at Derbyshire County Council . There are implications and actions for SDDC to ensure the housing needs of our aging population are met. A report is due to be taken to October's Housing and Community Services Committee that outlines the SDDC specific tasks / housing requirements and takes the Countywide report for formal adoption by SDDC.

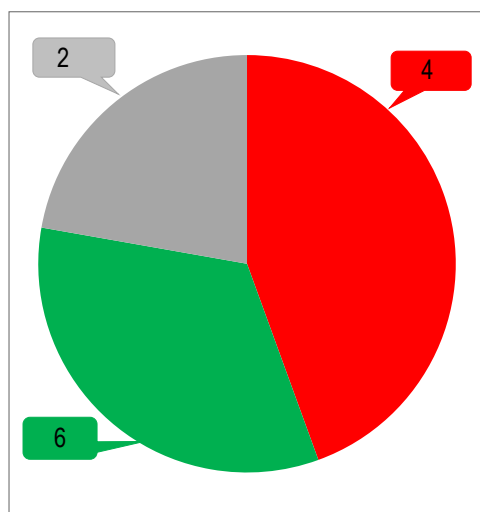
Theme	Key Aim	Strategic measure / projects	Annual Target	Q1 Target	Q1 Performance	Detail
Place	Facilitate and deliver a range of integrated and sustainable housing and community infrastructure.	PL1.3 Number of new homes added to the HRA (this indicator incorporates new builds and also acquired properties into the HRA).	Proxy (Annual)	Proxy (Annual)		Annual Figure (proxy measure)
Place	Facilitate and deliver a range of integrated and sustainable housing and community infrastructure.	PL1.4 Relevant documents adopted	Project Milestones	Submission of Local Green Spaces Document to the Planning Inspectorate. Completion of Gypsy/Traveller Site Allocations Development Plan (GTSADP) scoping.		The Submission of Local Green Spaces Plan to the Planning Inspectorate was sent on the 24th May 2019 and the examination of on this plan will take place on the 12 September. The Gypsy/Traveller Site Allocations Development Plan (GTSADP) scoping has been completed and as a result a report will be taken to EDS on the 15th August.
Place	Facilitate and deliver a range of integrated and sustainable housing and community infrastructure.	PL1.5 Number of decisions made in time over number of decisions made	90%	90%	94%	Despite continued pressure on resources, performance has improved on the previous quarter. This is due to focussed efforts by the Development Management team to ensure applications are handled on time and only taken beyond their statutory timeframe where agreement has been obtained. The overall figure is made up of 3 'groups': major, minor and other applications, of which all three returned at 90% or above.
Place	Facilitate and deliver a range of integrated and sustainable housing and community infrastructure.	PL1.6 Maximise delivery of housing units	Project Milestones	Housing survey completed	100%	Bi-monthly meeting continue with site intelligence reported back to responsible officer. Current 5 year housing land supply rate at 5.5 years - most sites started are building at a rate above that originally anticipated such that c.1200 were completed in 2018/19 - work to accelerate progress on two sites underway
Place	Facilitate and deliver a range of integrated and sustainable housing and community infrastructure.	PL1.7 Proportion of good quality housing development schemes (defined using Build for Life criteria) approved.	90% (Annual)	Reported annually		Reported annually
Place	Facilitate and deliver a range of integrated and sustainable housing and community infrastructure.	PL1.8 Capital maintenance programme for investment in public buildings. NEW.	Project Milestones	Draw up proposed programme, consult and match to resources.		See Action Plan
Place	Facilitate and deliver a range of integrated and sustainable housing and community infrastructure.	PL1.9 Capital programme for the delivery of enhancements to public open spaces utilising Section 106 contributions. NEW.	Project Milestones	Draw up proposed programme, consult where applicable and match to resources.		All Section 106 resources have been referenced against the Open Space, Sport and Community Facilities strategy and allocated to appropriate projects.
Place	Help maintain low crime and anti-social behaviour (ASB) levels	PL3.1 Downward trend in fly-tipping incidents.	<688	<172	174	See Action Plan
Place	Help maintain low crime and anti-social behaviour (ASB) levels	PL3.2 Number of ASB incidents in Swadlincote Centre (reported as a rolling 12 month figure)	<400 Incidents per annum	400 incidents over 12 month rolling period	332	New Town Centre Community Safety Enforcement Officer employed. Minor issues with two regular street drinkers gathering, Criminal Behaviour Order to be heard in Court for one that will ban him from the Town Centre if successful.

Theme	Key Aim	Strategic measure / projects	Annual Target	Q1 Target	Q1 Performance	Detail
Place	Connect with our communities, helping them feel safe and secure.	PL4.1 Review and update existing plan. Develop and deliver action plan.	Project Milestones	Work with schools to develop delivery plan for community safety input in schools in 2019/20.		Schools have indicated they would again like to have Prison me, no way. The Police have yet to confirm if they will have funding for Your Choice events. The Police and Crime Commissioner is to review all input into Schools as looking at a Countywide approach to input into Schools
Place	Deliver services that keep the District clean and healthy.	PL6.1 % adherence to service standards for Grass Cutting.	NEW performance indicator introduced for 2019-20. Target will be set at the end of Q4 once a complete set of data has been obtained.	New indicator, performance figures gathered this year will be used to set improvement targets for 2020/21	90%	90% of all work completed on schedule and in accordance with service standards. The remaining 10% was completed at the commencement of Q2.
Place	Deliver services that keep the District clean and healthy.	PL6.3 % of fly-tips cleared within 24 hours	New indicator, performance figures gathered this year will be used to set improvement targets for 2020/21	New indicator, performance figures gathered this year will be used to set improvement targets for 2020/21	84%	100% of all reported flytips reported in Q1 were cleared in Q1 on average within 1.48 days
Place	Deliver services that keep the District clean and healthy.	PL6.2 Monitoring of street scene services (including fly-tipping, grass cutting and litter collection). NEW.	Project Milestones	Annual measure		Discussions with Keep Britain Tidy have commenced now developing measures for the annual survey to take place end of Q2 commencement of Q3
Progress	Work to attract further inward investment.	PR1.1 Net additional commercial/employment floor space created	Number of square metres. (Proxy). To be reported in Q2	Number of square metres. (Proxy).		Reported in Quarter 2 and Quarter 4 (proxy measure)
Progress	Unlock development potential and ensure the continuing growth of vibrant town centres.	PR2.1 Delivery of Vision and Strategy.	Project Milestones	Q1A. Review way forward on receipt of National Forest Business Improvement District (BID) feasibility study. Q1B. Promote town centre investor opportunities.	Q1A One Delayed; Q1B:One Achieved	Quarter 1A: See Action Plan. Quarter 1B: Receipt of consultant's feasibility study for Business Improvement District delayed; Town centre investment opportunities promoted online, in Property Bulletin publication and at property exhibition.
Progress	Unlock development potential and ensure the continuing growth of vibrant town centres.	PR2.2 Vacant premises in Swadlincote, Hilton and Melbourne .	Proxy. To be reported twice a year.	N/A		Reported in Quarter 2 and Quarter 4 (proxy measure)
Progress	Work to maximise the employment, training and leisure uses of The National Forest by residents and increase the visitor spend by tourists.	PR3.1 Promote entrepreneurial opportunities to improve employability skills and raise awareness of self-employment.	Project Milestones	Q1. Deliver Love Your Local Market young enterprise activity. Q1. Stage Swadlincote Jobs and Skills fair. Q1. Deliver Thinking of Starting a Business workshop.		Young Enterprise activity delivered with William Allitt School; Job Opportunities Day held at Green Bank Leisure Centre; 'Thinking of Starting a Business?' workshop held in Hilton.
Progress	Provide support to businesses and the not for profit sector and promote innovation and access to finance, including in rural areas	PR5.1 Food businesses which have a Food Hygiene Rating score of five.	>83%	>83%	85.4%	This performance is an increase on the figure reported at the 31st March 2019 and is at the highest level ever recorded by the Council.

Theme	Key Aim	Strategic measure / projects	Annual Target	Q1 Target	Q1 Performance	Detail
Progress	Provide support to businesses and the not for profit sector and promote innovation and access to finance, including in rural areas	PR5.2 Registered food businesses active in the District	≥810	≥810	859	This performance is an increase on the figure reported at the 31st March 2019 by an additional 17 businesses.
Progress	Provide support to businesses and the not for profit sector and promote innovation and access to finance, including in rural areas	PR5.3 Visitor economy businesses supported through Swadlincote Tourist Information Centre (no. visitor enquiries, website hits, social media, etc.)	600,000	150,000	973,889	In addition to visitor enquiries serviced, other activities included staging of the National Forest Walking Festival 2019, promotion of the service at Festival of Leisure and publication of the Summer edition of What's On
Progress	Provide support to businesses and the not for profit sector and promote innovation and access to finance, including in rural areas	PR5.4 Guidance offered to businesses or people thinking of starting a business (through the South Derbyshire Business Advice Service).	140	40	71	In addition to one-to-one advice sessions with businesses/entrepreneurs, a 'Thinking of Starting a Business?' workshop was held in Hilton

Appendix B

F&M Overview



Green (50%) Red (33%) Grey (17%)

05.1 Expand services in the customer contact centre and maintain facilities for face to face enquiries where required

Target > 80% of telephone calls answered within 20 seconds



76%

01.2 Rent arrears as a % of rent due

Target < 2.5%



2.47%

Rent arrears as at quarter end was £295,838

PE2.2 Average time for processing new benefit claims

Target < 18 days



22.9 days

04.1 The average working days lost per employee

Target < 2 days



2 days

PE2.3 Average time for processing notifications of changes in circumstances

Target < 8 days



10.6 days

05.2 Expand services in the customer contact centre and maintain facilities for face to face enquiries when required







Target: call abandonment rate less than 8%



8%

Finance and Management Performance and Project Overview 2019/20 Quarter 1

Appendix B

	Strategic Project	Project Q1 Target	Q1 Performance
	O1.1 Identify £1m of budget savings and additional income by March 31, 2023	No Action for Q1	No Action
	O2.1 An unqualified opinion in the annual audit letter	No Action for Q1	No Action
	O6.1 Build IT infrastructure resilience to support change and minimise business risks	Procurement and Commission of virtualised servers and network storage. Commission of secure mobile device management (MDM) and new smartphones.	Achieved
	O6.2 Agree and deliver business change programme to support core objectives	Review of cloud solution for revenues and benefits. Housing service modernisation review.	Achieved
	PE2.4 Successful roll out of universal Credit in South Derbyshire	Embed revised working relationships with Citizens Advice South Derbyshire and City on new claim support.	Achieved
	PL1.8 Capital maintenance programme for investment in public buildings	Draw up proposed programme, consult and match to resources	Not Achieved

Finance and Management Strategic and Service Key Success Areas 2019/20 Quarter 1



Appendix C

Q1 Target

Call abandonment
rate of less than 8%



8%

Theme - Outcomes

Action - Ensure services remain accessible to residents and visitors.

Measure - O5.2 Expand services in the Customer Contact Centre and maintain facilities for face to face enquiries where required.

Success -

The Council received an increased number of calls during April and May which impacted on the call abandoned rate. However, in spite of this the Customer Services team were able to ensure the 8% target was achieved.

Q1 Target

Embed revised
working relationships
with Citizens Advice
South Derbyshire
and City on new
claim support.



Achieved

Theme - People

Action – Embed revised working relationships with Citizens Advice South Derbyshire and City on new claim support.

Measure - PE2.4 Successful roll out of Universal Credit in South Derbyshire.

Success -

A meeting has taken place between Ben Taylor, Tenancy Sustainment Officer, SSDC and Samantha Worthington (CA) to successfully hand over Personal Budgeting/Assisted Digital Support to 'Help to Claim' on 14th March 2019.

Following this meeting, direct email addresses have now been created as a direct referral point for any resident needing assistance in claiming UC.

CEO of Citizen's Advice now attends the Welfare Reform Group to provide updates on operational development.

Finance and Management Performance Action Plans 2019/20 Quarter 1

Appendix D



O5.1 Expand services in the Customer Contact Centre and maintain facilities for face to face enquiries where required

76%

**Target >80%
of calls
answered
within 20
seconds**

There are four actions for Finance and Management

Theme - Outcomes

Action – O5.1 Ensure services remain accessible to residents and visitors.

Target vs performance :-

Q1 Target	>80%
Q1 Performance	76%

Trend (compared to last year) :-

18/19 - Q4 target not achieved 76.6%

Background

April & May are always extremely busy months for Customer Services due to annual council tax billing.

High volumes of calls are received for Council Tax Bills and over 2000 reminders issued mid-April as well as a high level of summons issued in May.

During Q1 there 7,440 visitors to the Council.

As well as the above, there has been long term sickness in Customer Services with one staff member, who has now returned to work. Two staff members have also transferred to Revenues & Benefits following the re-structure.

Key actions underway

Have now recruited and have two members of staff and training is currently underway

Opportunities/risks

There is still a potential risk due to impact of training new staff. However, now we have a full complement of staff, we are confident the service will continue to improve for our customers

We are still looking to improve processes by new technology, i.e, webchat, integration of systems as well as exploring homeworking for staff.



PE2.2 Average time
for processing new
Benefit claims.

22.9 days

**Target -
<18 days**

Theme - People

Action – PE2.2 Average time for processing new benefit claims

Target vs performance :-

Q1 Target <18 days
Q1 Performance 22.9 days
Annual Performance: 22.9 days

Trend (compared to last year) :-

2018/2019 Q4 Performance 18.5 days
Annual Performance met: 17.5 days

Background

The progressive rollout of Universal Credit (UC) is starting to impact on recent performance. This is because of the inherent delays in the UC processing cycle which will delay the point at which a claim may be calculated by the Council following an application made to it.

Added to this, benefits processing has been under resourced by one FTE.

Key actions underway

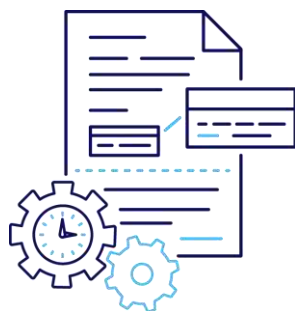
Work is being carried out to identify and design a revised methodology and indicator that continues to give Members the accurate information and an assurance that claims are being processed promptly by assessors once all the information has been received from all sources (including the DWP).

Benefits Assessor vacancy was filled on 1.5.2019. Priority will be to train new assessor on new claim processing.

Opportunities/risks

Redesigning the methodology allows the ongoing opportunity to work more closely with the DWP to identify and resolve issues where delays occur as a result of the changes to procedures following the full migration of claims to UC. This will also help minimise rent arrears for Council Tenants.

There is still a potential risk due to impact of training new assessor.



PE2.3 Average time for processing notifications of changes in circumstances

10.6 days

**Target -
<8 days**

Theme - People

Action – PE2.3 Average time for processing notifications of changes in circumstances

Target vs performance :-

Q1 Target <8 days
Q1 Performance 10.6 days
Annual Performance: 10.6 days

Trend (compared to last year) :-

2018/2019 Q4 Performance 4.12 days
Annual Performance met: 6.41 days

Background

The progressive rollout of Universal Credit (UC) is starting to impact on recent performance. UC is reassessed on a monthly basis which in turn produces a change in circumstance notification for the Council to reassess Council Tax Reduction.

In Q4 2018/2019, we received 986 UC change in circumstance notifications compared to 2903 in Q1.

Key actions underway

Testing has successfully been completed to automate UC change in circumstance records. This went live 24.06.2019

Additional resource has been sourced to process Verified Earning of Pension (VEP) alerts.

Opportunities/risks

Automation of some UC records and additional resource to process VEP alerts will improve the service provided to customers.



PL1.8 Capital maintenance programme for investment in public buildings.

**Not
Achieved**

Target -
Draw up proposed
programme, consult
and match to
resources.

Theme - Place

Action – PL1.8 Delivery of capital programme/s to improve community infrastructure

Target vs performance :-

Q1 Project Target - Draw up proposed programme, consult and match to resources.

Measure not met - assessment still being undertaken to establish nature, cost and prioritisation of repair works.

Trend (compared to last year) :- N/A – New measure

Background

Action to be implemented following restructure

Key actions underway

Cost effective solutions being investigated for the preparation of condition surveys. Quotes sought from consultants, to be compared against alternative temp recruitment to undertake these surveys.

Opportunities/risks

Completion of condition surveys will enable informed decision-making on maintenance priorities. Competing work priorities will impact on the delivery timescales.

CHIEF EXECUTIVE'S RISK REGISTER (AS AT Q1 2019/20)

Appendix E

Risk	Rating and Current Position	Risk Treatment	Mitigating Actions	Change since last Quarter
CE1. Failure of economic development partnerships leading to an adverse impact on businesses and local economy.	Likelihood is unlikely and impact is moderate.	Tolerate the current situation and keep under review.	<ul style="list-style-type: none"> Proactive engagement in partnerships and with individual partners. Commitment of officer time and resources to partnership activities. Monitoring of projects and performance. 	No change to rating or treatment.
CE2. Failure of the South Derbyshire Partnership, leading to non-delivery of the community's vision and priorities set out in the Community Strategy	Likelihood is unlikely and impact is moderate.	Treat the risk through continuous action and review.	<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. 	No change to rating or treatment.
CE3. Failure of Sharpe's Pottery Heritage & Arts Trust, leading to a loss of service to visitors and residents through the Tourist Information Centre.	Likelihood is medium and impact is moderate.	Treat the risk through continuous action and review.	<ul style="list-style-type: none"> Officer advice and support available to Trust. <ul style="list-style-type: none"> Member involvement in Trust Board. Monitoring of services and performance, including Service Level Agreement and Work Programme. 	No change to rating or treatment.
CE4. Poor quality performance data.	Likelihood is unlikely and impact is moderate.	Treat the risk through continuous action and review.	<ul style="list-style-type: none"> Reviewed quarterly as part of the performance reporting process. Methodology statements compiled and continually monitored and updated. <ul style="list-style-type: none"> Annual data quality audit undertaken. 	No change to rating or treatment.
CE5. Failure of joined up Council approach to effectively manage the election process and canvassing.	Likelihood is unlikely and impact is moderate	Treat the risk through continuous action and review.	<ul style="list-style-type: none"> Elections Project Team in place and meets regularly with representatives from all services involved. Arrangements in place for local election on 2nd May and European elections on the 23rd May. 	No change to rating or treatment.

STRATEGIC RISK REGISTER (UPDATED AS AT Q1 2019/20)

Appendix F

Risk	Rating and Current Position	Risk Treatment	Mitigating Actions	Change since last Quarter
1 Government Funding - a reduction in core spending power.	There have been on-going reductions in national resources but receipts are increasing locally through the New Homes Bonus and Council Tax. There is some uncertainty regarding the future allocation of the New Homes Bonus from 2020/21 and the Retention of Business Rates. The Government is currently consulting on a Fair Funding Review, the outcome of which is due to be implemented from April 2020.	Treat the risk through continuous action and review.	<p>The Medium Term Financial Plan (MTFP) was updated and approved by the Committee in February 2019.</p> <p>Overall, there continues to be a relatively healthy financial position into the medium-term. This has been confirmed in the Budget Out-turn which was reported to the Finance and Management Committee on 25 July 2019.</p> <p>Longer-term budget savings may be required although General Reserves are currently adequate to finance projected deficits and known financial risks are being provided for in the MTFP.</p> <p>A further review of the MTFP is currently being undertaken and this will be reported to the Finance and Management Committee on 10 October 2019</p>	No change to rating or treatment.
2 The Economy - the impact of the national economic situation locally.	Currently, the local economy is relatively strong and growing. A rise in interest rates would have a low impact due to the Council's fixed interest rate debt structure and would increase returns on current investments. However, the impact of the UK leaving the EU on local development and business, together with the Council's Treasury Management operations, remains uncertain.	Tolerate the current situation and keep under review.	<p>It is considered that the Council is undertaking as much action as is reasonably possible at this stage to mitigate the risk, but the position is being kept under review.</p> <p>On-going budgets for income from planning fees, land charges, etc. together with the New Homes Bonus and Council Tax receipts are set at levels below current actuals, leaving some room for the effect of any significant downturn in the local economy.</p> <p>The MTFP is not reliant on interest rates increasing from the current level to generate revenue. Any increase would be a direct benefit to the Budget.</p> <p>A significant amount of Debt is at fixed interest rates and is affordable within the Housing Revenue Account's</p>	No change to rating or treatment.

			<p>financial plan. The Council's investments are being kept under review pending the final Exit Deal from the EU.</p> <p>The Council's Property Strategy has focused on ensuring the Council's assets are being positioned to react to local investment opportunities, including land assembly and joint ventures. The redevelopment of Cadley Park is progressing as planned.</p> <p>There is on-going dialogue through the Derby and Derbyshire Economic Prosperity Board to access funding and with developers to look at alternative options for regeneration in Swadlincote. Funding through the One Public Estate has been secured.</p> <p>Additional resources have been generated from the 100% Business Rates Retention Pilot in 2018/19 and these have been set-aside to support future economic regeneration.</p>	
<p>3 Technology and Data - keeping pace with developments together with the management and security of data.</p>	<p>ICT Strategy in place with on-going development. The Council is PSN (Public Sector Network) and GDPR compliant. However, some technological opportunities are being missed and there is reputational damage and a possible fine should a data breach occur.</p>	<p>Treat the risk through continuous action and review</p> <p>Aspects of this risk are also transferred as they are insured perils with the Council's Insurers.</p>	<p>Investment continues to be made in upgrading the ICT infrastructure and network to ensure PSN compliance. An annual independent audit is undertaken each year to test the Council's compliance with PSN.</p> <p>Regular Internal Audit reviews test the robustness of systems and the infrastructure with recommendations to strengthen the ICT environment being monitored by the Audit Sub-Committee.</p> <p>Regular training and briefings given to Elected Members and Officers to raise awareness of data and security issues. An E-learning package has been rolled out for Council Officers.</p> <p>The Council's Data Protection Officer reports directly to the Leadership Team on matters concerning Information Governance.</p> <p>Following previous malware virus attacks, additional measures have been implemented to restrict Internet access to certain sites, together with implementing</p>	<p>No change to rating or treatment</p>

			<p>additional monitoring controls to detect and prevent virus attacks.</p> <p>Resources have been set-aside for Business Change with ICT a fundamental part of that change. Projects to migrate to a new Microsoft platform, greater use of digital technology, together with an upgrade of devices, are all projects currently in progress.</p>	
<p>4 Business Continuity - arising from the loss of the main Civic Offices, ICT capability, together with a major displacement of the workforce or a fuel shortage, etc.</p>	<p>A live issue continues to be the potential impact of a “No Deal Brexit” on the Council’s Services.</p>	<p>Treat the risk through continuous action and review.</p> <p>Aspects of this risk are also transferred as they are insured perils with the Council’s Insurers.</p>	<p>Business Continuity and Emergency Plans are in place and regularly reviewed in accordance with the Civil Contingencies Act. Regular meetings and training exercises take place with other agencies in Derbyshire.</p> <p>An ICT Disaster Recovery (DR) solution is in place off-site. Data is also backed-up and stored in a secure off-site facility outside of the immediate region.</p> <p>Provision for home-working and remote access is in place. Comprehensive insurance in place with insurers providing support to secure temporary accommodation if required.</p> <p>As regards a “No Deal Brexit” Council Officers have attended multi-agency meetings in Derbyshire and the wider East Midlands to assess the potential impact and planned actions with other agencies. The Council has also convened meetings of its Business Continuity Group to review the immediate effect on the Council and planned actions.</p> <p>The situation is now being kept under review ahead of the planned leaving date on 31 October 2019.</p>	<p>No change to rating or treatment</p>
<p>5 Capacity and Resilience - recruitment, retention and development of the workforce and dealing with additional</p>	<p>There are some issues in specific areas but this is not universal or in larger service areas. Resources set-aside and being invested to expand service provision and develop the workforce.</p>	<p>Treat the risk through continuous action and review.</p>	<p>During 2018/19, there have been restructures in Revenues and Benefits, Financial Services, Planning Services, together with Legal/Democratic Services. These restructures have provided additional resources and capacity in these particular services.</p> <p>Page 27 of 95 A restructure of the Council’s Senior Management was implemented on 1 April 2019. The aim of the new</p>	<p>No Change to rating or treatment</p>

demand for services due to Growth.			<p>structure is to create resilience in service provision with the creation of new Head of Service posts, including two new posts to focus on Organisational Development, together with Community and Cultural services.</p> <p>The restructure has also combined resources to form a centralised Business Change team to support business transformation across the Council.</p> <p>The structure is now bedding in and the proposals aim to strengthen recruitment and retention of senior staff.</p>	
<p>6 Voluntary and Community Sector - a reduction in resources for partners who deliver services with or on behalf of the Council.</p>	Evidence that this is occurring with CVS and Citizens Advice having core funding reduced.	Tolerate the current situation and keep under review.	<p>It is considered that the Council is undertaking as much action as is reasonably possible at this stage to mitigate the risk.</p> <p>The Council's current grant funding has been maintained and been increased in 2019/20 by 2% for all supported organisations.</p> <p>Spending can be refocused to meet external funding requirements and is project-based.</p> <p>Dedicated officer time in place to support the voluntary sector and local organisations. Council Officers currently working with Sharpe's.</p> <p>CVS have undertaken research into the impact of the services it delivers across the district and this information will inform the targeted delivery of future service provision.</p>	No change to rating or treatment.
<p>7 Terrorism and potentially violent situations – as a public body there is a potential for the Council and its workforce to become a target.</p>	From time to time, members of the workforce do face individual threats in the course of undertaking their duties.	<p>Treat the risk through continuous action and review.</p> <p>Aspects of this risk are also transferred as they are insured against.</p>	<p>Lone working systems in place including a 'Solo-Protect' warning and call for assistance system.</p> <p>A Potentially Violent Persons Policy and Risk Register are in place.</p> <p>Alarms and warning system in place in the Civic Offices.</p> <p>Page 28 of 95</p>	No Change to rating or treatment.

8 Statute and Regulation – the failure to meet requirements.	There is no recent evidence to suggest any significant issues; the impact would depend on the nature of the failure.	Treat the risk through continuous action and review.	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.	No change to rating or treatment.
9. Health and Safety – the potential to contravene regulations through bad practice.	Due to the continuing focus on Health and Safety, the likelihood of a major incident is low, but the impact could be significant.	Treat the risk through continuous action and review	<p>The Council employs a corporate Health and Safety Officer.</p> <p>An on-going training programme is in place for all staff and in particular for parts of the workforce where there is a greater risk of an accident.</p> <p>Accidents and near misses are logged, reported and reviewed corporately and any major incidents are investigated to review procedures.</p> <p>Risk assessments are regularly undertaken and procedures updated when necessary.</p>	No change to rating or treatment.
10. Managing the environmental impact of incidents across the District.	There is no recent evidence to suggest any significant issues, the likelihood of any environmental impact is low but the impact could be significant.	Treat the risk through continuous action and review.	<p>The Council has plans in place through Emergency Planning to manage the environmental impact of any incidents across the District. This includes flooding, air/water pollution, weather related incidents and contaminated land.</p> <p>In October 2018, the Council was accredited to the prestigious international ISO14001 standard for the tenth year in a row.</p>	No change to rating or treatment.

CORPORATE RESOURCES RISK REGISTER (AS AT Q1 2019/20)

Appendix E

Risk	Rating and Current Position	Risk Treatment	Mitigating Actions	Change since last quarter
<p>1 Universal Credit (UC) – the implementation of UC could have an impact on resources in Benefits and Customer Services.</p> <p>Housing Benefit is administered by the Council on behalf of the DWP and is one of the six benefits being rolled up into UC.</p>	<p>UC is being rolled out on a phased basis for working age claimants and to-date has impacted on local resources. However, the potential impact, following the full roll-out, could be much greater than that currently being experienced.</p>	<p>Treat the risk through continuous action and review.</p>	<p>The impact of welfare reform to date has been incremental and has not a significant impact on staffing resources, although it is changing the interaction and service provided to claimants. The impact is currently being managed within existing resources and this includes supporting claimants and signposting them to Citizens Advice.</p> <p>The rolling out of the full digital service of UC to all areas of the country was completed in December 2018 for new claims or for people having to make a new claim due to a change in circumstances.</p> <p>The Government plans to start transferring people from existing benefits (including Housing Benefit) onto UC from July 2019. This process is known as “managed migration” and will begin by transferring approximately 10,000 people as part of a pilot scheme, which is taking place in North Yorkshire. Greater numbers will be transferred when the pilot has been completed and assessed. The Government’s plan to complete full roll-out is December 2023.</p> <p>A full roll-out of UC will substantially reduce the amount of housing benefit claims being processed. As at June 2019, the total number of working age people claiming Housing Benefit at the Council was 2,200, which is approximately 65% of all Housing Benefit claimants, including Pensioners.</p> <p>It is anticipated that as spare capacity arises, it will be utilised to support claimants as they switch to and manage UC. However, staff levels are being kept under review.</p>	<p>No change to rating or treatment.</p>

<p>2 Fraudulent activities – the possibility of fraud being undetected.</p>	<p>National studies show fraud leads to a significant loss of resources within the Public Sector as a whole. The likelihood is considered high because fraud has been detected and prevented locally.</p>	<p>Treat the risk through continuous action and review.</p>	<p>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.</p> <p>The Council works in partnership with other Derbyshire authorities who share a software package that enables data matching in Council Tax and Business Rates.</p> <p>Single Person Discount checks on Council Tax are also regularly undertaken.</p> <p>In addition, the Council has a Shared Service Arrangement with Derby City Council which delivers a dedicated Fraud Unit. This Unit is resourced to prevent and detect fraud across all services, including raising awareness amongst Council Officers.</p> <p>The performance of the Fraud Unit is measured and reported to the Finance and Management Committee.</p> <p>The Unit's Annual Work Programme is considered and approved by the Audit Sub-Committee.</p>	<p>No change to rating or treatment.</p>
<p>3 The Directorate is responsible for providing a procurement service. Given the specialised and regulatory nature, there is a risk of not having resources to enable good quality advice and support for Services.</p>	<p>The Council does not have its own procurement department but currently has access to support and advice so the likelihood is considered low.</p>	<p>Treat the risk through continuous action and review</p>	<p>The Council is part of a Shared Service Arrangement with other Derbyshire Agencies. The Service commenced in January 2018 for a three year term. As per the Service Level Agreement, performance is monitored on an ongoing basis.</p> <p>Page 31 of 95</p>	<p>No change to rating or treatment.</p>

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	29th AUGUST 2019	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	VICKI SUMMERFIELD, 01283 595939 Victoria.summerfield@southderbyshire.gov.uk	DOC: s/finance/committee/2019-20/aug
SUBJECT:	REVENUE FINANCIAL MONITORING 2019/20	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendations

- 1.1 That the latest revenue financial position for 2019/20 as detailed in the report is considered and approved.
- 1.2 That changes to the Policy Committee Base Budgets detailed in **Appendix 4** due to the Senior Management restructure are noted.

2.0 Purpose of the Report

- 2.1 To provide an update on performance against budget for 2019/20.
- 2.2 The report details performance up to 30th June 2019 unless otherwise stated and is the first quarter's update of income and expenditure for 2019/20.
- 2.3 The report covers both General Fund and HRA income and expenditure, an update to the Medium-Term Financial Plan (MTFP) plus a quarterly update to the Collection Fund.

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

3.2 The Base Budget for 2019/20 approved in February 2019 estimated a budget deficit of £622,044.

3.3 The Base Budget and MTFP have now been updated for the following items:

- A 2% uplift to grant payments approved in February
- The transfer of interest in the public conveniences to Overseal Parish Council approved in June
- Savings in year on the Senior Management restructure (further detail provided at 3.7)
- Updates to the original estimated budgets for the Legal and Democratic restructure and the Business and Systems restructure, both approved in January
- Transfer of the budgeted costs for the IT Strategy from the Base Budget into costs against the General Fund Reserve balance
- Addition to the MTFP of costs for administration of childcare vouchers
- Transfers of budgets between Policy Committees due to the Senior Management restructure detailed in Appendix 4.

3.4 The impact of the above noted changes is listed below.

	Feb 2019 MTFP	Actual Budget Update	Variance
2% Uplift for Grants	15,590	9,995	-5,595
Additional Grant Payment	3,000	3,000	0
Business and Systems Review	8,447	7,713	-734
Legal and Democratic Restructure	59,072	60,572	1,500
Senior Management Restructure	208,124	205,662	-2,462
IT Strategy Transfer to GF Balance	0	-210,000	-210,000
Administration of Childcare Vouchers	0	1,750	1,750
Savings on Senior Management Restructure 19/20	0	-23,646	-23,646
			-239,187
Deficit Budgeted February 2019			622,044
Revised Deficit			382,857

3.5 A summary of the revised budgeted deficit for 2019/20 is shown in the following table.

	£
Environmental and Development	4,648,985
Housing and Community	2,994,946
Finance and Management	5,066,399
Base Budget	12,710,330
Reverse out Depreciation	-842,289
Minimum / Voluntary Revenue Provisions	328,635
Contingent Sums	588,104
Total Estimated Expenditure	12,784,780
Financing	-12,401,923
Estimated Deficit	382,857

3.6 An update to the Council's financial position following the year-end and approved changes up to July is listed within the MTFP in **Appendix 1**.

3.7 Contingent sums held within the MTFP are detailed in the following table.

	£
Provision for "off-payroll" payments	10,000
Waste Collection and Recycling	100,000
Growth	500,000
Administration of Childcare Vouchers	1,750
Senior Management Savings	-23,646
Total	588,104

3.8 The Senior Management restructure will make savings in year due to vacant roles within the new structure. These savings have been offset in part by support costs, recruitment costs and one Head of Service post being paid at the top of the grade; the financials for the restructure report assumed that all Heads would be paid at the bottom of the grade.

3.9 Support costs incurred due to the Senior Management Restructure are within Human Resources and Communications as both of these areas currently have no manager and the existing teams are being supported by external resource. Additional costs have also been incurred in Customer Services due to the Head of Service vacancy. Managers within the department have been paid additional increments in the short-term to support the service.

3.10 A summary of the saving versus additional costs is detailed below.

	£
Recruitment costs	36,946
Support costs	82,593
Higher grade post	2,642
Vacancies	-145,827
	-23,646

Position as at June 2019

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

COMMITTEE	ANNUAL			RESERVES	
	BUDGET	PROJECTED ACTUAL	PROJECTED VARIANCE	EARMARKED	NET EFFECT ON GF
	£	£	£	£	£
Environmental and Development	4,648,985	4,506,629	142,356	(40,336)	102,020
Housing and Community	2,994,946	2,788,774	206,172	(177,961)	28,211
Finance and Management	5,066,399	2,549,440	2,516,959	(2,382,861)	134,098
TOTAL	12,710,330	9,844,843	2,865,487	(2,601,158)	264,329

3.12 Although the above table shows that projected net expenditure is £2,865,487 lower than the base budget, approximately £2,601,158 is due to grant income, external contributions and receipts received under Section 106 agreements for on-going projects and capital schemes which stretch beyond the current financial year. This funding is transferred to specific reserves and drawn down to finance expenditure when it is incurred.

3.13 Excluding transfers to specific reserves, the above table shows that based on current spending, there is a projected decrease in overall net expenditure across General Fund services of approximately £264,329 compared to the base budget for the year.

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

MAIN SERVICE AREA	BUDGET			RESERVES	
	BUDGET	PROJECTED ACTUAL	PROJECTED VARIANCE	EARMARKED	NET EFFECT ON GF
	£	£	£	£	£
Economic Development	274,574	274,979	(404)	0	(404)
Environmental Services	556,560	555,143	1,417	0	1,417
Highways	48,487	48,487	(0)	0	(0)
Licensing and Land Charges	27,388	24,515	2,873	0	2,873
Planning	704,361	611,560	92,801	0	92,801
Town Centre	107,339	107,340	(0)	0	(0)
Waste Collection & Street Cleansing	2,262,182	2,274,516	(12,334)	6,672	(5,662)
Environmental Education	79,897	32,890	47,008	(47,008)	(0)
Transport Accounts	588,195	577,200	10,995	0	10,995
Community Development and Support	663,979	680,629	(16,650)	15,885	(765)
Leisure and Recreational Activities	228,858	220,816	8,042	0	8,042
Leisure Centres and Community Facilities	612,138	512,601	99,537	(99,350)	187
Parks and Open Spaces	1,055,864	1,062,335	(6,471)	16,278	9,808
Private Sector Housing	434,108	312,394	121,714	(110,775)	10,939
Central and Departmental Accounts	3,229,652	3,219,255	10,397	0	10,397
Revenues and Benefits	597,661	605,085	(7,423)	15,851	8,428
Electoral Registration	333,112	333,113	(1)	0	(1)
Corporate and Democratic Costs	505,808	501,105	4,703	0	4,703
Payments to Parish Councils	362,497	362,497	0	0	0
Concessionary Travel	0	0	0	0	0
Property and Estates	(247,389)	(257,419)	10,030	0	10,030
Pensions, Grants, Interest and Receipts	285,057	(2,214,195)	2,499,252	(2,398,712)	100,540
TOTAL	12,710,330	9,844,843	2,865,486	(2,601,158)	264,329

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

	£'000
Salary savings (vacancies, maternity etc.) F&M	78

Salary savings (vacancies, maternity etc.) - E&D	35
Salary savings (vacancies, maternity etc.) - H&C	29
Investment Income	101
Increased Planning Fee Income	75
Lettings from Industrial and Commercial Units	15
Vehicle Spare Parts	11
Grant Payments	10
Increased Licensing Fee Income	10
Vehicle Hire	8
Member's Allowances	4
Bank Transaction Charges	-12
Agency and Consultancy Costs	-105
Other Variances (net)	5
TOTAL - OVERALL PROJECTED VARIANCE	264

- 3.16 Salary savings in year relate to vacancies and maternity but are partially offset by agency and consultancy to support services areas.
- 3.17 Investment income is expected to be greater than budget due to the large value of cash deposits held by the Council. Cash investments are not expected to fall dramatically in year as there is lower service and capital expenditure as reported. £2m is currently invested in a longer-term high interest account with an average return of 4%.
- 3.18 Planning applications are significantly higher than forecast during the first quarter. This is expected to reduce during the remainder of the year but fee income is still anticipated to be greater than budget.
- 3.19 Commercial lets are achieving greater levels of income than budgeted due to the void units being lower than anticipated. This is expected to continue for 2019/20.
- 3.20 A new fleet of vehicles were acquired in 2018/19 and therefore spare parts for vehicles and vehicle hire are now lower than budgeted in 2019/20. Lower costs were expected but not to the level seen during the first quarter.
- 3.21 A budget for grant payments within Planning Policy is included within the Base Budget every year. During the last 3 years, this budget has been utilised to match fund the Townscape capital project. This project is now complete and this grant allocation will therefore not be spent in year.
- 3.22 Fee income for Licensing is generally higher than budgeted each year and a review of the anticipated income in this area for future years will be undertaken during the budget round for 2020/21.
- 3.23 Member's Allowances will see a saving in year due to vacancies up until the Election.
- 3.24 Adverse variances include agency and consultancy support mentioned at 3.14 and bank transaction charges. These charges are expected to be higher than budgeted due to the cost per transaction increase after the Banking Services tender. This increase was not included within the budget for 2019/20 but will be incorporated in future years.

Core Grants and Funding

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

Core Grants and Funding 2019/20	£
Council Tax	5,405,401
Retained Business Rates	3,584,572
Discretionary Business Rates Relief Scheme	20,000
New Homes Bonus	3,281,951
Collection Fund Surplus	110,000
Total Funding	12,401,924

- 3.26 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.
- 3.27 Performance of the Pool is reported quarterly to all Derbyshire S151 Officers but at this stage the detail for the first quarter has not been confirmed.

HOUSING REVENUE ACCOUNT (HRA)

- 3.28 The Council is required to account separately for income and expenditure in providing Council housing.
- 3.29 The Base Budget approved in February for the HRA was set with an estimated surplus of £150k and the position of the HRA as at June 2019 is summarised in the following table.

Summary HRA 2019/20	BUDGET £000	PROJECTED ACTUAL £000	PROJECTED VARIANCE £000
Total Income	-12,414	-12,389	-25
Contribution to Capital & New Build	2,988	2,988	0
Responsive & Planned Maintenance	3,162	3,137	25
Interest on Debt	1,798	1,798	0
Supervision & Management	1,913	1,908	5
Supported Housing & Careline Services	829	825	4
Provision for Bad Debts	100	100	0
Provision for Debt Repayment	1,424	1,424	0
Asset Replacement Contribution	45	45	0
Contingent Sums	5	5	0
Surplus	-150	-159	9

- 3.30 The above table shows that overall the HRA is expected to have an increased surplus of £159k which is £9k more than budgeted. The main reasons for the variances are detailed below.

	£'000
Salary savings (vacancies, maternity)	87

Repairs & Maintenance	25
Reduced Rent due to Right to Buy	-25
Agency and Consultancy Staff	-80
Other Variances (net)	2
TOTAL - OVERALL PROJECTED VARIANCE	9

- 3.31 Salary savings in year relate to vacancies and are offset by agency and consultancy to support services.
- 3.32 Due to a slower start to the year on repairs it is anticipated that the HRA may marginally underspend.
- 3.33 Interest on the HRA loans has generally resulted in a large saving in previous years due to the variable rate loan being charged at a lower rate of interest than forecast. It is anticipated that a saving will realised again this financial year but this is not included within the table above at this stage.
- 3.34 The HRA's 10 year MTFP is shown in **Appendix 2** but at this stage is an update to reserve balances after the year-end as nothing significant has changed during the first quarter to the HRA forecast.

COLLECTION FUND

- 3.35 The Collection Fund is the statutory account that records the collection of Council Tax and Business Rates and shows how that income has been distributed to the Government and Preceptors.
- 3.36 Any surplus or deficit on the Fund is transferred to the General Funds of the Preceptors, in proportion to precepts levied each year. The projected position on the Fund for 2019/20, based on transactions up to 30th June 2019, is detailed in **Appendix 3**.
- 3.37 This shows that the projected surplus balance on Council Tax is approximately £1,201k and Business Rates is approximately £96k.
- 3.38 Growth in the tax base is expected to continue which will impact positively on both Business Rates and Council Tax by increasing potential surpluses. Business Rates however has the continual risk of Business Rate Appeals which have previously pushed the Business Rates element of the fund into a deficit.
- 3.39 The Council Tax budget was based on a Tax Base of 33,302 Band D equivalent properties with a total number of dwellings on the valuation list of 43,964. At the end of June 2019, the actual Tax Base was 33,868 (+566) with a total number of dwellings of 44,905 (+941).

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 The quarterly update of revenue performance helps to ensure the Council maintains financial health, which is a key aim in the Corporate Plan.

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.

7.0 Background Papers

7.1 None.

GENERAL FUND MEDIUM TERM FINANCIAL PLAN

BUDGET & PROJECTION as at JULY 2019

	Proposed Budget £ 2019.20	Projection £ 2020.21	Projection £ 2021.22	Projection £ 2022.23	Projection £ 2023.24
BASE BUDGET					
Environmental & Development	4,640,985	4,806,511	4,947,600	5,092,446	5,241,562
Housing & Community	2,994,946	3,203,410	3,263,940	3,324,261	3,397,812
Finance & Management	5,074,400	5,244,708	5,417,071	5,591,871	5,769,476
Net Service Expenditure	12,710,331	13,254,629	13,628,611	14,008,579	14,408,850

Accounting Adjustments

Reverse out Depreciation	-842,289	-842,289	-842,289	-842,289	-842,289
Minimum Revenue Provision (MRP)	197,409	189,512	181,932	174,654	167,668
Voluntary Revenue Provision (VRP - Recycling Bins & Grove Active Zone)	131,226	131,226	75,891	20,556	20,556
	12,196,676	12,733,078	13,044,145	13,361,499	13,754,784

Add: Known Variations

Proposed Senior Management Restructure - One-Off Costs Provision	0	21,090	21,618	9,216	0
Vehicle Maintenance Plan	0	17,000	15,000	38,000	35,000
Local Plan	0	25,000	40,000	40,000	25,000
Incremental Salary Increases	0	48,035	20,610	8,843	8,843
Savings from the Senior Management Restructure	-23,646	0	0	0	0
Administration of Childcare Vouchers	1,750	1,750	1,750	1,750	1,750
Temporary Posts, Rosliston and Elections Updates	0	-321,245	-325,920	-330,813	-323,768
Potential Cost of New Waste Disposal Site	0	27,089	47,400	49,770	52,259
Potential Loss of Industrial Unit Income	0	190,000	190,000	190,000	190,000
District Election May 2023	0	0	0	0	125,000
TOTAL ESTIMATED SPENDING	12,174,780	12,741,797	13,054,603	13,368,265	13,868,868

Provisions

Provision for Employer's NIC on "off-payroll" payments	10,000	10,000	10,000	10,000	10,000
Contingent Sum - Growth	500,000	500,000	500,000	500,000	475,000
Waste and Recycling	100,000	100,000	100,000	100,000	100,000
TOTAL PROJECTED SPENDING	12,784,780	13,351,797	13,664,603	13,978,265	14,453,868

BUDGET & PROJECTION as at JULY 2019

Proposed Budget £ 2019.20	Projection £ 2020.21	Projection £ 2021.22	Projection £ 2022.23	Projection £ 2023.24
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FINANCING

Business Rates Retention	-3,584,572	-3,600,110	-3,614,345	-3,627,200	-3,638,600
Discretionary Business Rate Relief Scheme	-20,000	-3,000	0	0	0
New Homes Bonus	-3,281,951	-3,481,639	-3,476,015	-3,292,293	-2,884,231
Council Tax Income	-5,405,401	-5,622,257	-5,845,514	-6,075,342	-6,311,909
Core Spending Power	-12,291,923	-12,707,005	-12,935,874	-12,994,835	-12,834,740
Add Estimated Collection Fund Surplus - Council Tax	-110,000	-55,000	-55,000	-55,000	-55,000

TOTAL FINANCING

-12,401,923	-12,762,005	-12,990,874	-13,049,835	-12,889,740
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General Fund yearly Surplus (-) / Deficit

382,857	589,792	673,729	928,430	1,564,128
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GENERAL FUND RESERVE BALANCE

Balance b/fwd	-10,426,414	-8,659,899	-7,498,901	-6,256,294	-4,761,452
General Fund Yearly Surplus (-) / Deficit (as above)	382,857	589,792	673,729	928,430	1,564,128
MSP additional funding	433,799	0	0	0	0
IT Strategy	210,000	210,000	210,000	210,000	210,000
Purchase of Town Centre Land	44,335	0	0	0	0
Community Partnership Scheme	239,005	0	0	0	0
General Fund Capital Bids Remaining	65,000	0	0	0	0
Pension Earmarked Reserve Drawdown	-8,481	-38,794	-41,122	-43,589	-6,783
Contribution to Asset Replacement Fund	400,000	400,000	400,000	400,000	400,000
Balance c/fwd	-8,659,899	-7,498,901	-6,256,294	-4,761,452	-2,594,107

	2019.20 Proposed Budget £'000	2020.21 Forecast £'000	2021.22 Forecast £'000	2022.23 Forecast £'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
INCOME										
Rental Income	-11,955	-12,204	-12,437	-12,743	-13,062	-13,396	-13,738	-14,093	-14,463	-14,842
Non-Dwelling Income	-124	-126	-129	-133	-136	-140	-144	-148	-152	-156
Supporting People Grant	-164	-164	-164	-164	-164	-164	-164	-164	-164	-164
Other Income	-171	-171	-171	-171	-171	-171	-171	-171	-171	-171
Total Income	-12,414	-12,665	-12,901	-13,211	-13,533	-13,871	-14,217	-14,576	-14,950	-15,333
EXPENDITURE										
General Management	1,913	1,957	2,002	2,048	2,095	2,144	2,193	2,244	2,296	2,349
Supporting People	829	851	873	897	921	947	973	1,000	1,029	1,059
Responsive	1,247	1,278	1,309	1,341	1,374	1,408	1,443	1,479	1,515	1,552
Planned Maintenance	1,915	1,961	2,009	2,059	2,109	2,160	2,213	2,267	2,322	2,379
Bad Debt Provision	100	122	124	127	130	133	137	140	144	148
Interest Payable & Receivable	1,798	1,798	1,798	1,498	1,498	1,228	1,228	1,228	927	928
Depreciation	4,312	4,483	4,464	4,445	4,430	4,416	4,401	4,390	4,378	4,367
Net Operating Income	-300	-215	-322	-796	-976	-1,435	-1,629	-1,828	-2,338	-2,551
Known variations:										
Reversal of Depreciation	-4,312	-4,483	-4,464	-4,445	-4,430	-4,416	-4,401	-4,390	-4,378	-4,367
Capital Expenditure	1,888	1,935	1,683	1,470	1,433	1,477	1,516	1,547	1,182	1,261
Disabled Adaptations	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
Debt Repayment	1,424	1,548	1,781	1,975	2,297	1,939	1,885	1,843	2,196	2,106
Major Repairs Reserve	700	600	600	600	300	600	600	600	600	600
Asset Replacement Earmarked Reserve	45	45	45	45	45	45	45	45	45	45

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JULY 2019

2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29
Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast

	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ICT Upgrades	0	105	0	0	0	0	0	0	0	0
Job Evaluation On-going Support Costs	5	5	5	5	5	5	5	5	5	6
Incremental Salary Increases	0	10	10	10	10	10	10	10	10	11
HRA Surplus (-) / Deficit	-150	-50	-262	-736	-916	-1,374	-1,568	-1,767	-2,277	-2,490

HRA General Reserve

HRA Reserve B/fwd	-6,919	-6,869	-6,819	-5,281	-3,717	-2,604	-2,628	-2,746	-2,980	-5,007
(Surplus) / Deficit for year	-150	-50	-262	-736	-916	-1,374	-1,568	-1,767	-2,277	-2,490
Earmarked non-traditional properties	200	100	100	100	0	0	0	0	0	0
Transfer to Debt Repayment Reserve	0	0	1,700	2,200	2,029	1,350	1,450	1,533	250	500
HRA Reserve C/fwd	-6,869	-6,819	-5,281	-3,717	-2,604	-2,628	-2,746	-2,980	-5,007	-6,997

RESERVES

Debt Repayment Reserve

Balance B/fwd	-5,046	-6,470	-8,018	-1,499	-5,674	0	-3,289	-6,624	0	-2,446
Depreciation balance	-1,424	-1,548	-1,781	-1,975	-2,297	-1,939	-1,885	-1,843	-2,196	-2,106
Transfers to reserve	0	0	-1,700	-2,200	-2,029	-1,350	-1,450	-1,533	-250	-500
Repayment of loan	0	0	10,000	0	10,000	0	0	10,000	0	0
Reserve C/fwd	-6,470	-8,018	-1,499	-5,674	0	-3,289	-6,624	0	-2,446	-5,052

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JULY 2019

	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Reserve										

Balance B/fwd	-141	-186	-231	-276	-321	-366	-141	-186	-231	-276
Transfers to reserve	-45	-45	-45	-45	-45	-45	-45	-45	-45	-45
Asset Replacement	0	0	0	0	0	270	0	0	0	0
Reserve C/fwd	-186	-231	-276	-321	-366	-141	-186	-231	-276	-321

Major Repairs Reserve

Balance B/fwd	-3,454	-4,354	-5,054	-5,754	-6,454	-6,754	-7,354	-7,954	-8,554	-9,154
Transfers to reserve	-700	-600	-600	-600	-300	-600	-600	-600	-600	-600
Earmarked non-traditional properties	-200	-100	-100	-100	0	0	0	0	0	0
Reserve Drawdown	0	0	0	0	0	0	0	0	0	0
Reserve C/fwd	-4,354	-5,054	-5,754	-6,454	-6,754	-7,354	-7,954	-8,554	-9,154	-9,754

New Build Reserve

Capital Receipts B/fwd	-2,460	-1,621	-2,244	-2,711	-3,174	-3,479	-3,782	-4,084	-4,283	-4,483
Lullington Rd Phase 2	237	0	0	0	0	0	0	0	0	0
Acquisitions in year	1,274	0	0	0	0	0	0	0	0	0
Homes England grant	-45	0	0	0	0	0	0	0	0	0
RTB Receipts in year	-627	-624	-466	-463	-305	-302	-302	-199	-199	-199
Borrowing in year	0	0	0	0	0	0	0	0	0	0
Balance c/fwd	-1,621	-2,244	-2,711	-3,174	-3,479	-3,782	-4,084	-4,283	-4,483	-4,682

COLLECTION FUND MONITORING 2019/20 (as at 30th June 2019)

	Actual 2018/19	Estimated 2019/20	1st Qtr Projection 2019/20	Notes
COUNCIL TAX - INCOME & EXPENDITURE	£'000	£'000	£'000	
INCOME				
Council Tax Collectable	57,262	61,270	61,000	Est. Increase in Tax Base and Precepts at 7%
EXPENDITURE				
County Council Precept	41,302	44,054	44,054	As approved by Full Council 27th Feb 2019
Police and Crime Commissioner Precept	6,253	7,213	7,213	As above
Fire and Rescue Authority Precept	2,427	2,538	2,538	As above
SDDC Precept	5,169	5,405	5,405	As above
SDDC Parish Precepts	773	798	798	As above
Increase in Bad Debts Provision	440	613	610	Estimated at 1% of income
Total Expenditure	56,364	60,621	60,618	
Surplus for the Year	898	650	382	
COUNCIL TAX BALANCE				
Opening Balance 1st April	1421	1,819	1,819	Per Final Accounts 2018/19
Share of Previous Surplus to County Council	-367	-733	-733	As approved by Full Council 27th Feb 2019
Share of Previous Surplus to Police	-56	-112	-112	As above
Share of Previous Surplus to Fire Authority	-22	-45	-45	As above
Share of Previous Surplus to SDDC	-55	-110	-110	As above
Surplus for Year (as above)	898	650	382	
Closing Balance as at 31st March	1,819	1,469	1,201	
	Actual	Estimated	1st Qtr	
	2018/19	2019/20	Projection	
			2019/20	
BUSINESS RATES - INCOME & EXPENDITURE	£'000	£'000	£'000	
INCOME				
Business Rates Collectable	25,226	27,070	27,100	Estimate as per NNDR1
Transitional Protection Payments	771	705	600	
Total Income	25,997	27,775	27,700	
EXPENDITURE				
Central Government Precept	0	13,398	13,398	Per NNDR1 Submission
SDDC Precept	13,338	10,718	10,718	As above
Derbyshire County Council Precept	13,071	2,411	2,411	As above
Fire and Rescue Service Precept	267	268	268	As above
Cost of Collection	91	91	91	As above
Increase in Bad Debts Provision	250	242	271	Estimated at 1% of income
Provision for Appeals	-72	646	542	Estimated at 2% of income (forecast is NNDR1)
Total Expenditure	26,945	27,774	27,699	
Surplus / Deficit (-)	-948	1	1	
BUSINESS RATES BALANCE				
Opening Balance 1st April	-192	-377	-377	Per Final Accounts 2017/18
Transfer of Previous Year's Surplus (-) / Deficit	382	-286	-286	Per NNDR1 Submission
Transfer of Previous Year's Surplus (-) / Deficit	305	293	293	As above
Transfer of Previous Year's Surplus (-) / Deficit	69	460	460	As above
Transfer of Previous Year's Surplus (-) / Deficit	7	5	5	As above
Surplus / Deficit (-) for the Year as above	-948	1	1	
Closing Balance as at 31st March	-377	96	96	

Base Budget Policy Committee Transfers	Approved Budget £	Proposed Changes £	Revised Budget £
Environmental and Development	4,648,985	456,778	5,105,763
Housing and Community	2,994,946	-658,494	2,336,452
Finance and Management	5,066,399	201,716	5,268,115
	12,710,330	0	12,710,330

- The Base Budget for Grounds Maintenance has always been included within the Housing and Community Services Committee for reporting. It is proposed to transfer this budget of £604,333 to Environmental and Development Services Committee to sit under Street Scene.
- One member of staff has transferred from Housing and Community Services to Environmental and Development Services due to the Senior Management Restructure. The total budget transfer equates to £29,939
- Public Buildings was transferred under the Senior Management Restructure to the Head of Corporate Property. The repairs and maintenance budgets for Public Buildings total £36,972 and these budgets are to be transferred into Finance and Management from both Housing and Community and Environmental and Development.
- Business and Systems was transferred to Business Change as part of the Senior Management Restructure. Street Naming and Numbering will remain within Environmental and Development but the other staffing and associated costs of £164,744 have been transferred to Finance and Management.

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	29th AUGUST 2019	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	VICKI SUMMERFIELD 01283 595939 Victoria.summerfield@southderbyshire.gov.uk	DOC: s/finance/committee/2019-20/aug
SUBJECT:	CAPITAL FINANCIAL MONITORING 2019/20	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendations

- 1.1 That the latest capital financial position for 2019/20 as detailed in the report is considered and approved.

2.0 Purpose of the Report

- 2.1 To provide an update on performance against the budget for 2019/20.
- 2.2 The report details performance of both the HRA and General Fund up to 30th June 2019 unless otherwise stated and is the first quarter's update of capital project progress for 2019/20.

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 the HRA general reserve plus grant income.
- 3.4 The capital budget for 2019/20 was approved in February 2019 and has been updated following the out-turn for 2018/19 to reflect the carry forward of income and expenditure for incomplete projects. Additional budgets have also been included on the HRA for property acquisitions reported separately.

- 3.5 Progress during the first quarter of 2019/20 on capital projects and the total financing of all of the projects is summarised in the following tables.

Capital Spending 2019/20 (as at June 2019)	Approved Budget £	B/fwd 2018/19 £	Updated Budget 2019/20 £	Spend to-date £
Council House Capital Works	2,788,000	0	2,788,000	179,031
Council House Disabled Adaptations	300,000	0	300,000	41,569
New Build and Acquisition Schemes	1,274,400	237,367	1,511,767	191,417
Total HRA	4,362,400	237,367	4,599,767	412,017
Private Sector Housing Works	700,000	1,151,017	1,851,017	-5,162
Environmental and Heritage Schemes	0	42,007	42,007	26,043
Swadlincote Woodlands Nature Reserve	0	37,000	37,000	0
Community Partnership Scheme	0	239,005	239,005	48,162
Eureka Park	0	0	0	12,797
Melbourne Sports Park	400,000	33,799	433,799	8,661
CCTV Rosliston	0	0	0	13,580
Vehicle Replacements	517,000	0	517,000	131,560
Sale of Land	0	0	0	8,354
IT Strategy	210,000	461,842	671,842	82,950
Property Maintenance and Refurbishment	130,000	130,000	260,000	0
Total General Fund	1,957,000	2,094,670	4,051,670	326,945
Total Council	6,319,400	2,332,037	8,651,437	738,962

Capital Financing 2019/20	Approved Budget £	B/fwd 2018/19 £	Updated Budget 2019/20 £
HRA Revenue Contribution	3,088,000	0	3,088,000
General Fund Revenue Contribution	740,000	272,804	1,012,804
Earmarked/Specific Reserves	894,000	606,279	1,500,279
Capital Receipts Reserves	897,400	192,367	1,089,767
Grant Funding	700,000	1,260,587	1,960,587
Total Funding	6,319,400	2,332,037	8,651,437

HRA Capital

- 3.6 Disabled adaptations of Council housing are set to be on budget during 2019/20.
- 3.7 Major refurbishment works to Council housing is scheduled to start now a contractor has been appointed. It is anticipated that the expenditure will be on budget by the year-end.
- 3.8 The budget for new build and acquisition schemes consists of the construction of properties at Lullington Road, Overseal and acquisition of properties in Repton, Newhall and Aston.
- 3.9 A deposit has been paid to the developer for the houses in Aston and it is anticipated that the dwellings will be transferred to the Council by January 2020.

- 3.10 The properties in Repton and Newhall are due to be transferred to the Council during 2020/21 therefore the budget for 2019/20 only includes a deposit at this stage.
- 3.11 New build properties in Overseal are in the final stages of development and are due to be completed over the summer period. The budget carried forward from 2018/19 is specific for these dwellings.

General Fund Capital

Private Sector Housing Works

- 3.12 There are a number of projects included within this area, one of which is Disabled Facility Grants (DFG). Expenditure on DFG is expected to be on budget of £440k by the year-end. Budget carry forwards are for approved projects that have not yet started but should be rolled out during 2019/20.

Environmental and Heritage Schemes

- 3.13 This relates to the Swadlincote Town Centre Scheme following the award of funding in 2016/17.
- 3.14 A small budget was carried forward from 2018/19 and this is expected to be fully utilised by July 2019 as the project is now in the final stages.

Leisure and Community Schemes

- 3.15 The Community Partnership Scheme has all of the funding committed to specific projects but the funding is still to be drawn down from the Council.
- 3.16 Match funding has been secured for the Swadlincote Woodlands Nature Reserve project and work is set to commence during in 2019/20.
- 3.17 The capital element of the Eureka Park project is now complete with final funding to be claimed from the HLF.
- 3.18 Melbourne Sports Park drainage works are still in the early stages. A tender for works has been completed and an award to the appointed contractor is under review.
- 3.19 CCTV at Rosliston has been installed due to security concerns after a recent break in at the site. This is to be financed through an earmarked reserves set up specifically for works at Rosliston.

Vehicle Replacements

- 3.20 The scheduled replacements in 2019/20 are for new road sweepers, additional vans for Grounds Maintenance and a bulky waste vehicle. The road sweepers have now been purchased with the remaining vehicles scheduled for delivery later in the year.

Asset Disposals and Refurbishment

- 3.21 Costs associated with the sale of land at Oversetts Road will be funded by the capital receipt once received.

- 3.22 A General Fund contribution of £130k is set-aside each year to fund refurbishment and maintenance of Public Buildings. Due to a tender exercise no works were scheduled during 2018/19. A contractor has now been appointed and a works programme will run alongside scheduled capital works on HRA Council dwellings.

IT Strategy

- 3.23 Following approval of an IT Strategy, sums are being set-aside annually to fund new equipment and software.
- 3.24 A number of separate tender exercises have been undertaken during 2018/19 and the early part of 2019/20 and an equipment replacement programme is to be rolled out across the Council during quarter 2.
- 3.25 The allocated budget is not expected to be spent in year and will be phased across a longer period. Any underspend will be carried forward into future years.

Capital Reserves

- 3.26 The capital reserve balances for the General Fund and HRA as at the 31st March 2019 are listed below.

	£
New Build and Acquisition Reserve	2,460,335
Major Repairs Reserve	3,454,260
Debt Repayment Reserve	5,046,000
HRA Capital Reserves	10,960,595
Capital Receipts Reserve	1,073,335
General Fund Capital Reserves	1,073,335
Total Capital Reserves	<u>12,033,930</u>

HRA Capital Reserves

- 3.27 The New Build and Acquisition Reserve is topped up annually by all the receipts of sales of Council houses under Right to Buy.
- 3.28 Right to Buy sales have totalled 4 as at 30th June 2019 and £128,740 will be transferred to the New Build and Acquisition Reserve in year as summarised in the following table.

	Sales	Gross Receipts	Less Pooled	Retained	
	£	£	£	£	%
Quarter 1	4	206,640	-77,900	128,740	62%
Total	4	206,640	-77,900	128,740	62%

- 3.29 An additional 2 dwellings have been sold during July taking the total sales to 6 to-date in 2019/20.
- 3.30 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. It is not expected that a drawdown will be required during 2019/20 but this will be kept under review.

3.31 Currently the HRA has debt of £57.4m to be repaid to the Public Works Loan Board at specific dates over a 20 year period as a result of self-financing.

3.32 The profile of debt repayment is listed in the following table.

Date due	£
28-Mar-22	10,000,000
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

57,423,000

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

General Fund Capital Reserves

3.34 The Capital Receipts Reserve is made up of asset sales in recent years and there are a few remaining projects to be funded from the balance as listed below. Included within the total reserve is the overage payment received from Chestnut Avenue, Midway.

	£
General Capital Receipts	334,736
Specific Projects:	
Strategic Housing Market Assessment	-50,000
Private Sector Stock Condition Survey	-60,000
Repairs to Village Halls and Community Facilities	-9,075
Public Buildings Planned Maintenance Programme	-58,032
Costs of Land Sales	-8,354
Remaining Balance	149,275
Overage Payment	738,599
Remaining Capital Receipts Reserve	887,874

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

3.36 Further receipts are expected for sales of land at Oversetts Road and the former Depot but the values and due dates are still to be confirmed.

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.

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	29th August 2019	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	Vicki Summerfield (01283 595939) victoria.summerfield@southderbyshire.gov.uk	DOC: s/finance/committee/2018-19/Mar 19
SUBJECT:	TREASURY MANAGEMENT UPDATE 2019/20	REF
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendation

- 1.1 That the latest Treasury Management Update for quarter 1 2019/20 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 first quarter of 2019/20.
- 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 Q1 2019/20

Introduction

The Authority has 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 reports.

The Authority's treasury management strategy for 2019/20 was approved at a meeting of the Authority on 14th February 2019. 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 are therefore central to the Authority's treasury management strategy.

The 2017 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 17th January 2019.

The detail that follows is in accordance with the CIPFA Code and is written with support from the Council's Treasury Advisor, Arlingclose.

External Context

Economic background

UK Consumer Price Inflation (CPI) for June 2019 was 2.0% year/year, coming in at consensus and meeting the Bank of England's inflation target. The most recent labour market data for the three months to May 2019 showed the unemployment rate remain at a low of 3.8% while the employment rate of 76.0% dipped by 0.1%, the first quarterly decrease since June to August 2018. The 3-month average annual growth rate for pay excluding bonuses was 3.6% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.7%.

There was a rise in quarterly GDP growth in the first calendar quarter for 2019 to 0.5%, from 0.2% in Q4 2018 with stockpiling ahead of the (now delayed) 29th March Brexit distorting data. Production and construction registered positive output and growth, however at the end of June 2019, seasonally adjusted Markit UK Construction PMI (Purchasing Manager's Index) logged a record-low figure of 43.1, suggesting that construction has suffered a largest contraction in output since April 2009. GDP growth was 1.8% year/year, however with the service sector slowing and a weaker global backdrop the outlook was for subdued growth.

Politics has been a big driver over the last quarter. The 29th March Brexit deadline was extended to 12th April and then to 31st October 2019: there is still no clear consensus as to the terms on which the UK will leave the EU. Theresa May announced her resignation as Prime Minister and leader of the Conservative Party in May and the leadership contest for her successor has resulted in Boris Johnson being appointed as Prime Minister.

The struggling British high street has continued to dominate headlines with the Arcadia group being saved from collapse in June following an agreement for rent reductions from landlords. The car industry has also struggled in the UK and beyond with announcements of cuts to 12,000 jobs across Europe by Ford.

With the deterioration in the wider economic environment, compounded by Brexit-related uncertainty and the risk of a no-deal Brexit still alive, the speech by Bank of England Governor Mark Carney in early July signalled a major shift to the Bank's rhetoric and increased the possibility of interest rate cuts, rather the Bank's erstwhile 'gradual and limited' rate hike guidance.

Globally, tensions between the US and China became progressively more fraught with US President Donald Trump threatening to more than double tariffs on some Chinese goods. There were also moves in both the US and UK to block or restrict access to markets by Chinese telecoms giant Huawei. Amid low inflation and a weak economy in the Eurozone Mario Draghi signalled in late June that another round of stimulus (QE) may be likely. The US and EU have also carved the path for interest rates to be cut in the future.

Financial markets

2018 was a year to forget in terms of performance of riskier asset classes, most notably equities. However, since the beginning of 2019 markets have rallied, and the FTSE 100 is up over 10% in pure price terms for the first 6 months of the calendar year. Nearly all of these gains were realised in the last quarter of FY 2018/19, as Q1 2019/20 has only seen a modest increase of around 2%.

Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. Gilt yields fell - the 5-year benchmark gilt yield falling to 0.63% at the end of June from 0.75% at the start of April. There were falls in the 10-year and 20-year gilts over the same period dropping from 1.00% to 0.83% and from 1.47% to 1.35% respectively. Money markets rates stabilised with 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.60%, 0.68% and 0.92% respectively over the period.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth is not just a UK phenomenon but a global risk. The US yield curve inverted (10-year Treasury yields were lower than US 3-month money market rates) in March 2019 and this relationship remained and broadened throughout the period. History has shown that a recession hasn't been far behind a yield curve inversion. Germany sold 10-year Bunds at -0.24% in June, the lowest yield on record. Bund yields had been trading at record lows in the secondary market for some time; however the negative yield in the primary market suggests that if investors were to hold until maturity, they are guaranteed to sustain a loss - highlighting the uncertain outlook for Europe's economy.

Credit background

Credit Default Swap (CDS) spreads fell slightly across the board during the quarter, continuing to remain low in historical terms. After hitting around 97bps at the start of the period, the spread on non-ringfenced bank NatWest Markets plc fell back to around 82bps at the end of June, while for the ringfenced entity, National Westminster Bank plc, the

spread fell from 67bps to 58bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 28 and 59bps at the end of the period.

S&P upgraded RBS Group and its subsidiaries, including National Westminster Bank PLC, Natwest Markets PLC, the Royal Bank of Scotland and Ulster Bank Ltd. S&P raised the long-term issuer ratings by one notch due to RBS Group's strengthened credit fundamentals following a long period of restructuring. S&P believes the group and its subsidiaries have enhanced their capacity to manage the current UK political and economic uncertainties.

There were minimal other credit rating changes during the period. Moody's revised the outlook on Barclays Bank PLC to positive from stable to reflect the bank's progress in its restructuring plans, including de-risking the balance sheet, improving its risk profile and profitability and resolving litigation issues in the US. Moody's also revised the outlook to stable from negative for Goldman Sachs International Bank, reflecting a slowdown in loan growth as well as a stronger revenue growth for sales and trading.

Local Context

On 31st March 2019, the Authority had net borrowing of £19.45m arising from its revenue and capital income and expenditure. This fell to £17.19m by the end of the quarter. 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 below.

Capital Financing Requirement (CFR)

	31.3.19 Actual £'000	30.06.19 Actual £'000
<u>Housing Revenue Account</u>		
Debt Outstanding	57,423	57,423
Capital Financing Requirement (CFR)	61,584	61,584
Statutory Debt Cap	66,853	66,853
Borrowing Capacity (Cap less Debt Outstanding)	9,430	9,430
<u>General Fund</u>		
Debt Outstanding	0	0
Capital Financing Requirement (CFR)	5,653	5,653
Borrowing Capacity (Cap less Debt Outstanding)	5,653	5,653
Total Capital Financing Requirement (CFR)	67,237	67,237

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

The overall treasury management position at 30th June 2019 and the change during the year is shown below.

Treasury Management Summary

	31.3.19 Balance £m	Movement £m	30.6.19 Balance £m	Average Rate %
Long-term borrowing:				
Fixed	47,423	0	47,423	3.19%
Variable	10,000	0	10,000	0.86%
Short-term borrowing	28	0	28	0.00%
Total borrowing	57,451	0	57,451	
Long-term investments	2,000	0	2,000	4.09
Short-term investments	33,500	3,500	37,000	0.85
Cash and cash equivalents	2,500	-1,239	1,261	0.55
Total investments	38,000	2,261	40,261	
Net borrowing	19,451	2,261	17,190	

Borrowing Activity

At 30th June 2019 the Authority held £57.4m 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 £28k 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%. No interest is currently being paid due to the Base Rate being less than 1%.

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	Variable	10,000	0.92	2021/22
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	2036/37
Public Works Loan Board	Fixed	7,423	3.50	2041/42
Total Long-term borrowing		57,423		
Short-term Parish Council Loans		28	0.00	
Total borrowing		57,451		

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

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the quarter, the Authority's investment balance ranged between £38m and £40m due to timing differences between income and expenditure. The investment position during the quarter is shown in the table below.

Treasury Investment Position

	31.03.19 Balance £'000	Q1 2019 Movement £'000	30.06.19 Balance £'000	30.06.19 Rate of Return %
Banks (unsecured)	2,500	-1239	1,261	0.55
Local Authorities	25,000	6,000	31,000	0.89
Money Market Funds	8,500	-2,500	6,000	0.72
CCLA Property Fund	2,000	0	2,000	4.09
Total investments	38,000	2,261	40,261	

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.

In furtherance of these objectives, and given the increasing risk and falling returns from short-term unsecured bank investments, the Authority has undertaken greater detailed cash flow forecasting which has enabled it to enter into longer-term deposits with other Local Authorities, therefore securing a higher rate of return.

The Authority participates in the Arlingclose quarterly investment benchmarking exercises. This enables us to measure our investment portfolio against other similar Local Authorities. The progression of risk and return are shown in the extracts from Arlingclose's quarterly benchmarking in the table below at the end of quarter 1.

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

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
30.06.2019	3.85	AA-	19%	159	0.85
Similar LAs	4.28	AA-	63%	81	0.88
All LAs	4.31	AA-	62%	28	0.85

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.

Rate of Return: This is the average rate received on internally managed investments. At the quarter-end we had a few lower rate investments that were secured prior to the base rate rise in August 2018, which reduced the average rate of return compared to other authorities.

The Authority deposited £1m in the CCLA Property Fund on 28th September 2017, with the investment purchasing 317,985 units at an offer price of 314.48p per unit. Following member approval, the Authority subsequently deposited a further £1m in the fund on 28th August 2018, with this investment purchasing 308,261 units at an offer price of 324.40p per unit.

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 is regularly reviewed.

The performance of the investment over the last quarter is shown in the table below. Although past performance is no guarantee of future returns, the movement in the bid (selling) price so far shows how the value of the investment is moving closer to the original purchase price. This reinforces the notion that the Fund should only be considered for long-term investments.

CCLA Property Fund Performance

		2018/19	2019/20
		Q4	Q1
Dividend Received	£	20,736	19,695
Annual Equivalent Interest Rate	%	4.26	4.09%
Bid (Selling) Price	pence/unit	301.95	302.19

Readiness for Brexit: The scheduled leave date for the UK to leave the EU is now 31st October 2019 and there remains little political clarity as to whether a deal will be agreed by this date, the potential of a no-deal Brexit has not been ruled out. Particularly as this new leave date approaches the Authority will ensure there are enough accounts open at UK-domiciled banks and Money Market Funds to hold sufficient liquidity and that its account with the Debt Management Account Deposit Facility (DMADF) remains available for use in an emergency.

Performance Indicators

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 first three quarters is shown below.

	As at 31.03.19	As at 30.06.19
Average 7-Day Money Market Rate (Target)	0.65%	0.66%
Average Interest Rate Achieved on Short Term Deposits	0.66%	0.77%

Compliance

The Chief Finance Officer is pleased to report that all treasury management activities undertaken during quarter 1 complied fully 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

	Maximum Investment during Q1 £m	Maximum Invested per Counterparty £m	Limit	Maximum Term	Complied
Debt Management Office	£8m	£8m	£20m in total	364 days	✓
Other Local Authorities	£32m	£5m	£5m per Authority	364 days	✓
Money Market funds	£10m	£2m	£10m total, £2m per fund	60 days	✓
CCLA Property Fund	£2m	£2m	£2m	Indefinite period	✓
Named Counterparties (HSBC/Lloyds/BOS/Close Bros/Santander)	£2.56m	£1.62m	£2m per Bank	6 months	✓
Named Counterparties (Barclays/Goldman Sachs/NatWest/RBS)	£1.06m	£1.06m	£2m per Bank	100 days	✓
Named Counterparties (Nationwide/Coventry)	0	0	5% of total deposits	6 months	✓
Named Counterparties (Leeds Building Society)	0	0	5% of total deposits	100 days	✓
Foreign Counterparties	0	0	AAA rated - £1m per Bank	1 month	✓
Independent Building Societies	0	0	£1m per Society	100 days	✓

Outlook for the remainder of 2019/20

Having increased interest rates by 0.25% in November 2018 to 0.75%, the Bank of England's Monetary Policy Committee (MPC) is now expected to maintain Bank Rate at this level for the foreseeable future. There are, however, upside and downside risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy.

The resignation of Theresa May has added further political uncertainty. Boris Johnson appears to be the frontrunner to become Prime Minister and also appears to favour exiting the EU on 31st October. It is unlikely the UK will be able to negotiate a different withdrawal deal before the deadline.

With the downside risks to the UK economy growing and little likelihood of current global trade tensions being resolved imminently and global growth recovering soon thereafter, our treasury advisor Arlingclose's central forecast is for that the Bank of England's MPC will maintain Bank Rate at 0.75% but will stand ready to cut rates should the Brexit process engender more uncertainty for business and consumer confidence and for economic activity.

	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	0.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

Gilt yields have fallen to recent lows. Resolution of global political uncertainty would see yields rise but volatility arising from both economic and political events continue to offer longer-term borrowing opportunities for those clients looking to lock in some interest rate certainty.

COUNTERPARTY LIST 2019/20
(As at 1st April 2019)

Institution	Limit	Maximum Term
<u>Specified Investments</u>		
<ul style="list-style-type: none"> UK Debt Management Office (DMO) 	£20m	364 Days
<ul style="list-style-type: none"> Local, Police, Fire and Parish Authorities 	£5m with any one Authority	364 Days
<u>Non Specified Investments</u>		
<i>Named Counterparties</i>		
<ul style="list-style-type: none"> CCLA LAMIT Property Fund 	£2m	Indefinite period, subject to quarterly review
<ul style="list-style-type: none"> Money Market Funds 	£10m in total and £2m with any one Fund	60 days
<ul style="list-style-type: none"> HSBC Lloyds Bank Plc Bank of Scotland Standard Chartered Bank Close Brothers Santander UK 	£2m with any one Bank	6 months
<ul style="list-style-type: none"> Barclays Bank NatWest Bank Royal Bank of Scotland Ulster Bank Ltd Goldman Sachs International 	£2m with any one Bank	100 days
<ul style="list-style-type: none"> Nationwide Building Society Coventry Building Society 	5% of total deposits	6 months
<ul style="list-style-type: none"> Leeds Building Society 	5% of total deposits	100 days
<i>Foreign Counterparties</i>		
<ul style="list-style-type: none"> AAA rated institutions (<i>subject to separate approval by the Section 151 Officer</i>) 	£1m with any one Bank	1 month
<i>Independent Building Societies</i>		
<ul style="list-style-type: none"> <i>subject to separate approval by the Section 151 Officer</i> 	£1m with any one society	100 days

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 11
DATE OF MEETING:	29th AUGUST 2019	CATEGORY:
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	DELEGATED OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) kevin.stackhouse@southderbyshire.gov.uk	DOC: u/ks/revenues and benefits/policies/debt management/debt management report August 2019
SUBJECT:	DEBT MANAGEMENT POLICY	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That the updated Debt Management Policy for the recovery of Council Tax, Business Rates and Housing Benefit Overpayments is approved.

2.0 Purpose of the Report

- 3.1 To review and provide an updated Policy following changes to organisational structures. The Policy was last updated in 2016 and it is considered good practice that it is subject to periodic review to ensure that it remains relevant for the purposes of recovering these debts due to the Council. No major changes to the general principles are proposed.

3.0 Executive Summary

- 3.1 The Policy provides a framework for service delivery that continues to recognise that debt occurs for a variety of reasons and seeks to draw the distinction, and therefore, the approach to be taken when, on one hand, there may be a deliberate intention not to pay and on the other, non-payment may be as a result of a simple oversight or a change in personal circumstances.
- 3.2 The framework fully supports the Council's Corporate Plan and provides methodologies that can be used to drive continuous improvement in collection and excellence in Customer Services by ensuring customers are treated fairly.
- 3.3 The Policy provides the core principles that apply to the Council's collection and income management processes and procedures. Under Section 151 of the Local Government Act 1972, the Strategic Director of Corporate Resources has overall responsibility for the Policy.
- 3.4 The Policy is based on best practice and guidance issued by various professional bodies, together with the Government. It sets out the way in which the Council intends to collect monies due to it from both individuals and businesses. In doing so, the Council will use the most effective method of debt recovery, appropriate to each case and the nature of the debt, in order to maximise income due.

- 3.5 However, it is inevitable that from time-to-time the Council will be required to pursue recovery, from persons and or businesses experiencing genuine financial difficulty. This means that an agreed and transparent policy of how the Council manages and collects debts is considered key to ensuring consistency, sensitivity and best practice in such situations to ensure the best outcome for all parties.
- 3.6 The Policy covers the following debts owed to the Council,
- Council Tax
 - Business Rates
 - Benefit overpayments
- 3.7 These debts relate to statutory charges for which the Council has a statutory duty to enforce and collect. Separate policies exist for the collection of Housing Rents and Sundry Debt to satisfy different regulations in those areas.
- 3.8 This Policy sets out the general principles and standards to be followed in matters such as dealing with the Council and in particular:
- General guidelines on payments and arrangements
 - The rules on enforcement activity, including use of the courts
 - The manner in which agents act on the Council's behalf
- 3.9 Integral to the Policy is the provision of support mechanisms such as:
- Welfare and Housing Benefit Advice
 - Discretionary Housing Payments
 - Local Council Tax Discount Scheme
 - Instalment plan facilities
 - General housing advice and support
 - Support and advice for businesses, including rate relief schemes

4.0 Detail

- 4.1 The detailed Policy is attached to this Report.

5.0 Financial Implications

- 5.1 None associated with the Policy itself.

6.0 Corporate Implications

Employment Implications

- 6.1 As above.

- 6.2 These are contained within the Policy itself, for example recovery action and the use of Enforcement Agents, etc. actions for which need to be conducted within legal requirements.

Corporate Plan Implications

- 6.3 The Policy contributes to the key aim of “Maintaining Financial Health” (O1). Collecting debt reduces the impact on the Council’s Bad Debt Provisions for these types of debt, which are budgeted for and costed in the General and Collection Funds.

Risk Impact

- 6.4 None associated with the Policy itself.

7.0 Community Impact

Consultation

- 7.1 None required.

Equality and Diversity Impact

- 7.2 There is perhaps a risk that certain groups with protected characteristics under Equalities Legislation could suffer discrimination. For example, there is evidence to suggest that potentially more vulnerable people may experience difficulty in making payments.
- 7.3 However, the Policy recognises this particular issue by treating issues on a case-by-case basis and implementing a method of recovery appropriate to each case.

Social Value Impact

- 7.4 None associated with the Policy itself.

Environmental Sustainability

- 7.5 As above.

8.0 Background Papers

- 8.1 None

Debt Management Policy

Council Tax, Business Rates and Housing Benefit Overpayments

Customer Services Unit (Corporate Resources)

August 2019

Version Control

Version	Description of version	Effective Date
1	Corporate Debt Recovery and Management Policy	December 2008
2	Debt Management and Credit Control Policy	April 2016
3	Debt Management Policy: Council Tax, Business Rates and Housing Benefit Overpayments	August 2019

Approvals

Approved by	Date
Finance and Management Committee	28 April 2016
Finance and Management Committee	29 August 2019

Associated Documentation

Description of Documentation	
Sundry Debt Management Policy 2018	
Income Management Policy 2015	

Introduction

This Policy provides an updated framework for service delivery that continues to recognise that debt occurs for a variety of reasons and seeks to draw the distinction, and therefore, the approach to be taken when, on one hand, there may be a deliberate intention not to pay and, on the other, non-payment may be as a result of a simple oversight or a change in personal circumstances.

The framework fully supports the Council's Corporate Plan, and is broadly aligned to the Sundry Debt Management Policy 2018 and the Income Management Policy 2015. It provides a methodology that can be used to drive continuous improvement in collection and service delivery and ensure excellence in Customer Services by ensuring customers are treated fairly.

The Policy provides the core principles that apply to the Council's collection and income management processes and procedures whilst the Appendices, provide supporting detail.

Organisation of actual recovery routines is set out in departmental process policies and manuals to reflect the need to respond promptly to changes in legislation and local circumstances.

It should be noted that application of the Policy will be monitored by the Strategic Director (Corporate Resources) and will be subject to scrutiny and review.

The contents of Debt Management Policy are as follows:-

1. Overview
2. Underlying Principles of the Policy
3. Policy Guidelines

Appendices

- A Guidance on Legal Entities
- B Enforcement Agents' Code of Conduct
- C Financial Information Assessment Form

1 OVERVIEW

- 1.1 The Strategic Director (Corporate Resources) has responsibility under Section 151 of the Local Government Act 1972, for the proper administration of the financial affairs of the Council. Financial procedure rules covering this area are set out in Section 27 D2 (paragraphs D2.1 to D2.14 including the guidance notes) of the Council's Constitution.
- 1.2 This Policy is based on recommendations set out in best practice and guidance issued by various professional bodies and the Government, together with the Collection and Enforcement Regulations 1989 and 1992, as amended. These Regulations detail the ways in which the Council are allowed and the means by which it intends to collect monies due to it from both individuals and businesses.
- 1.3 In short, the Council will use the most effective method of debt recovery, appropriate to each case and the nature of the debt, in order to maximise income due. However, from time-to-time the Council will be required to pursue recovery, from persons and businesses experiencing genuine financial difficulty.
- 1.4 This means that an agreed and transparent policy of how the Council manages and collects debts is considered key to ensuring consistency, sensitivity and best practice in such situations to ensure the best outcome for all parties. The Policy covers the following debts owed to the Council,
 - Council Tax
 - Business Rates
 - Housing Benefit overpayments
- 1.5 The Policy sets out the general principles and standards to be followed in matters such as:
 - Contact arrangements with the Council
 - General guidelines on payments and arrangements
 - The rules on enforcement activity, including use of the courts
 - The manner in which agents act on the Council's behalf
- 1.6 Integral to the Policy is the provision of support mechanisms such as:
 - Welfare and housing benefit advice
 - Housing options support for the prevention of homelessness
 - Signposting to partner organisations such as Citizens Advice

- 1.7 The approach to collecting debt in South Derbyshire is one that provides clear and unequivocal advice and practical help to those that are prepared to make use of it but is equally robust with those that do not or will not.

2 UNDERLYING PRINCIPLES

Billing and Collection

- 2.1 Every request for payment shall be properly addressed. The minimum standard to be followed is:

- Title
- First full name
- Family name (*all names where a joint and several liability exists*)
- Full postal address to LLPG standard
- Post code

*Note: Where a business is concerned its registered Office is required in addition to the trading address (**Appendix A** provides examples of the correct legal entities to be used).*

- 2.2 All relevant information and documentation relating to a bill, including any matter relating to recovery and enforcement, relief discount or exemption will be kept by way of a scanned image on the Council's Document Management System (Info@work) in accordance with the Council's Document Retention and Management Policy.
- 2.3 Telephone contact and e-mail addresses will be requested and retained against the taxpayer's and ratepayer's personal record on the Revenues System subject to the provisions of the Data Protection Act 2018.
- 2.4 Paper records will be retained of the lists of Complaint made to the Magistrates Court in relation to applications for Liability Orders for non-payment. Where appropriate, detailed information about Enforcement Agent activity will be held on the System to which access is provided by the organisation authorised by the Council to act on its behalf. Such access will be authorised and be in accordance with the Data Protection Act 2018.

Payments

- 2.5 The Council's preferred method of payment is electronic or automated methods and this is encouraged as much as possible.
- 2.6 Payment methods accepted are as follows:
- Automated Telephone Payments/Mobile device
 - The Internet

- Direct Debit
- Credit and Debit cards
- At a Post Office and other Pay Points
- Cash machine
- Contactless devices

2.7 The Council will always encourage the most cost effective payment methods by customers and will offer the widest possible means of customer contact and access to its services. As such the Council will keep under constant review advances in technology. Digital access is positively encouraged.

Recovery and Enforcement

- 2.8 The Council will use the most effective method of debt recovery, appropriate to each case, in order to maximise income. This may involve the use of external Enforcement Agents, who will be properly referenced and certificated to carry out such functions and carry the necessary indemnities and insurances.
- 2.9 They will of course work to the Council's prescribed Code of Conduct (**Appendix B** for an Example Code of Conduct which should be tailored to meet the Councils requirements'). Agents will be members of an approved professional association, for example M.N.A.E.A.
- 2.10 In so far as the recovery of Housing Benefit overpayments is concerned, the Council will make use of the DWP HBDS debt management and recovery processes
- 2.11 Equality and related considerations will be taken into account in accordance with the Councils Equalities and Fairness Policy. Specifically, staff seeking to recover debts will:
- Ensure that, when needed, information is accessible through translations, large print versions or sign language, appropriate to the needs of the debtor.
 - Arrange for home visits where individuals are unable to access the Council's services.
 - Refer cases to specialist money advisers at the Citizens Advice, Money Advice or Welfare Advice (Derbyshire) using either normal referral routes or fast-track, according to the seriousness of the financial problem or where it appears there are multiple debt issues.
- 2.12 Where the potential for a statutory benefit or discount exists every effort must be made to make the debtor aware of such opportunities together with assistance and encouragement to apply for these. Where an award, under the jurisdiction of the Council, may be granted without further evidence it will be processed without delay to reduce indebtedness to the Authority.

- 2.13 This Policy is supported by and is supportive of any policies or external agencies that work to promote social inclusion. All notices issued by the Council will comply with the corporate style guidance and be readily identifiable as being from the Council.
- 2.14 They must provide clear information on how, where and when to pay and will state clearly what the next step will be if payment is not made on time. The Council will work alongside other welfare agencies in dealing with debts due to the Council (either singly or where there are multiple debts that may include other organisations) and actively signpost, with the debtor's approval, such cases as are considered appropriate to those organisations.

Multiple Debts

- 2.15 In the case of multiple debts due to the Council, the following priority will be given, in the event of any dispute as to priority of payments received:
1. Housing Rent current
 2. Council Tax current
 3. Other recurring liabilities
 4. All other current debts - unless any are subject to Court orders and repayment schedules in which case they rank equally at 3 above
 5. Aged debts subject to court orders and repayment schedules
 6. Other aged debts

Recovery

- 2.16 The Council recognises that prompt recovery action is key to managing debt and maximising income and will work with departments internally and agencies externally to achieve this ensuring performance is monitored at all stages as set out below.
- 2.17 Where an external agency provides assistance with the delivery of a service it shall be supported by a Service Level Agreement that will include escalation processes in the event of no, or poor, service delivery. The flow of information between the Council and the agency shall in all cases and at all times be in a secure electronic format as prescribed in the Council's ICT Security Policy and be in accordance with the Data Protection Act 2018.
- 2.18 Where legislation permits, the Council will seek to charge and recover from the debtor any and all costs/fees/interest legitimately due from or chargeable to that person incurred by either the Council or its agents. In exceptional cases, where it would not be in the public interest to pursue residual costs/fees only following settlement of the debt it may write-off the costs.

- 2.19 It may also consider a write off as an incentive to payment and cancel the costs on the satisfactory completion of an arrangement to pay. Where bills and reminders are returned as 'Gone Away' or other notification is received that the debtor has absconded, trace facilities provided by LOCTA are available to recovery staff.
- 2.20 Where a forwarding address is not available through that means, consideration will be given to the use of a Tracing Agent on a "no success no fee basis." The use of this resource will not generally be used for debts below £150. Approval to this course of action will be required from the appropriate team leader.
- 2.21 The Council will always follow regulatory advice, case-law and best practice when dealing with non-payment. In most cases, activity is prescribed by regulation and precedent.
- 2.22 However, where there is discretion as to the de-minimis value below which cases are excluded from recovery and enforcement action, this is a matter for the Collection and Enforcement Manager and/or the Benefits, Subsidy and Compliance Manager depending on which debt is under collection..

Write-offs

- 2.23 The Council recognises that where a debt is irrecoverable, prompt and regular write-off of such debts is good practice as it maintains the accuracy of the collection databases and its financial accounts. The same principles apply where accounts are in credit.
- 2.24 Every effort will be taken to minimise the cost of write-offs by taking all necessary action to recover what is due within a timely manner. All debts will be subject to the full recovery, collection and legal procedures as outlined in this policy except where the value is considered insufficient to warrant further expenditure. **Any debt with a value of less than £5 is automatically written off.**
- 2.25 The exception to this rule will be those cases where further recovery action by the Council is precluded when a debt is subject to liquidation or insolvency or equivalent procedures. Where all forms of recovery on outstanding debt have been exhausted and/or it is considered that the debt is no longer economic to pursue, it should be written off.
- 2.26 Depending on the current limit set out in the Council's Financial Procedural Rules, this is subject to approval of the Strategic Director (Corporate Resources) or the Finance and Management Committee. All accounts that are considered and subsequently approved as being irrecoverable will be written off against the Bad Debts Provision.
- 2.27 Debt write-off does not preclude arrangements for pursuing and accepting payment at a later date. Sufficient information must be retained to be able to resurrect the debt at a later date and provide it in support of future recovery action should it prove necessary.

2.28 Where the Council is aware or notified of a customer being made bankrupt or falling into receivership or liquidation, a proof of debt shall be submitted by the Collection and Enforcement Manager. As the Council is unlikely to receive a dividend in any insolvency, or similar proceedings, such debts should be written off as soon as a proof of debt has been lodged rather than carry uncollectable debts in the financial accounts.

Performance Management and Reporting

2.29 Where either national or local performance indicators exist the Council will strive to be the best in class and publish actual performance against these targets quarterly, including Corporate KPI reporting and reports to Finance and Management Committee. Progress reports will be monitored both monthly and quarterly.

2.30 The Revenues, Benefits and Customer Services Unit is expected to maintain and to monitor progress in respect of all invoices and bills for income which falls into the budgets for which it is responsible. In doing so, it will ensure a proper balance is taken between the need to collect current debt in order to maintain in-year collection rates but to also recover prior year debts to reduce on-going budgetary pressures on the Debt provision.

2.31 The Strategic Director (Corporate Resources) is responsible for setting clear targets for the recovery of current and prior year debt.

2.32 The Head of Customer Services will:

- Regularly monitor the level and age of debt.
- Set, where appropriate, targets for teams.

2.33 The Collection and Enforcement Manager and the Benefits, Subsidy and Compliance Manager will:

- Set targets for individuals.
- Ensure that there are clear written and published recovery procedures.
- Have in place regular and formal reviews with partners and agents.
- Set priorities for specific areas of debt and assess recovery methods to ensure maximum efficiency and recovery levels.
- Utilise bespoke activity for “difficult” cases.
- Regularly report progress to the Head of Customer Services.
- Regularly review irrecoverable debts for write-off.

- 2.34 The performance information should be produced by the Head of Customer Services on a monthly basis. Information should be reported quarterly to the Finance and Management Committee. The main benchmark is the Council's own past performance and trends, etc. and these are the indicators on which improvement should be based.
- 2.35 However, wherever possible, comparisons are made with other local authorities and local government generally, through published information or benchmarking clubs, etc. Where either national or local performance indicators exist the Council will strive to be the best in class or upper quartile and publish actual performance against these targets quarterly, including reporting to the appropriate Committee.

3. POLICY GUIDELINES

General

- 3.1 The Council will adopt the following three principles, considered to be best practice in enforcement activity, namely that at all times our actions will be:
- proportionate
 - consistent, and
 - transparent
- 3.2 The Council will be firm, fair and treat Customers with respect.
- 3.3 The Council will look to strike a balance between the potential loss of income to the Council and the costs of compliance. It will not unduly penalise late payers. Such costs as charged will be the actual cost of the activity concerned as agreed with the Local Magistrates Court or by the general body of Derbyshire local authorities.
- 3.4 In general, the Council will take a similar approach in cases with similar circumstances to achieve similar ends. The Council will aim to achieve consistency and equality in
- Advice given.
 - Use of powers.
 - Recovery procedures used.
- 3.5 The Council recognises that consistency does not mean uniformity or a blanket approach. Staff must take account of all relevant factors, when dealing with individual cases to maximise collection, such as the:
- Family and social circumstances of the debtor.
 - Payment history.

- Income and ability to pay.
 - Health and age.
- 3.6 Transparency will help form public perception and confidence by helping individuals and the wider community to understand what their responsibilities are, and what they, in return, should expect from the Council. We will strive to avoid conflicting or confusing advice.
- 3.7 The reasons for any action taken will be explained clearly, without jargon in accordance with *Plain English* standards and will include the appropriate timescales. Such information may be given in writing or verbally and will be published on the Council's website and issued with recovery and enforcement notices.
- 3.8 Braille or translation services will be used where necessary.
- 3.9 Where a discretionary power is exercised an explanation as to the reason for the decision will be given, as will the rights of appeal that are available in other circumstances either to the Council, an external agency or tribunal; these should also be explained without delay.

Recovery Action

- 3.10 Where appropriate, recovery timetables will be published in advance of any recovery activity. In the case of Council Tax and Business Rates, this will include dates agreed with the Court for applications for Liability Orders and will also set out the date of each recovery run. No recovery action set out in this timetable may be cancelled without the prior approval of the Head of Customer Services. Additional activity may be added if necessary.
- 3.11 Where recovery action has commenced, payment arrangements will generally only be entered into where the debt is secured by a Liability Order and/or the debtor agrees to make payment by way of direct debit. Arrangements will only be agreed by staff authorised to defer enforcement of the order. The overriding guidelines are that the:
- Debt will be cleared within a reasonable time adjudged to be appropriate.
 - Arrangement is reasonable in comparison with the amounts that could be secured by taking alternative action.
 - The debtor demonstrates a clear intention to honour the arrangement.
 - The arrangement is based on the debtor's ability to pay.
 - The debtor completes a financial assessment form for evaluation of means to pay.

- 3.12 In cases where exceptional circumstances exist and it would not be in the interests of the Council in general to pursue enforcement action alternative arrangements may be made. Where an order is passed to a third party for enforcement, progress shall be monitored in accordance with the Service Level Agreement on at least a monthly basis.
- 3.13 Payments made to Enforcements Agents shall be held in a clearly identified Client Account and be remitted to the Council every 2 weeks by BACS and be subject to Audit by the Council. Audits of such accounts shall be carried out regularly.
- 3.14 Enforcement agents and Council staff shall comply with any current advice available from the Lord Chancellor's Department and the Council's Code of Conduct. All action shall comply with the Collection and Enforcement Regulations 1989 and 1992, as amended.

Appendix A

Examples of Legal Entities

Warning letters and notices should be sent to the proper person for the legal entity, and where there is a different Nominated Officer it should also be copied to them.

The Proper Person	Detail required
A sole proprietor	The Sole Proprietor's full name, e.g. <i>Mr. Robert Brown</i>
A partnership or Limited Liability Partnership (LLP)	Each of the partners in the partnership, e.g. <i>Mr. John Smith and Mr. Fred Brown trading as Chambers Plumbing</i>
A Limited Company or PLC	The exact name of the company, e.g. <i>Big Tiles Limited</i>
An unincorporated body	A Trustee or authorised person, e.g. <i>Mrs. Joan Smith Treasurer to the Swadlincote Lawn Tennis Club</i>

Appendix B

Enforcement Agents: Code of Practice

The Council understands that the primary concern of its Customers is the manner in which the third party, working on their behalf, represents them. With this in mind, the Council has developed a comprehensive Code of Practice which each Enforcement Agent who has been fully trained to adhere to providing our Clients with an assurance that their instructions will be carried out in a uniform and professional manner.

As well as adhering to your specific requirements, our Enforcement Agents will adhere to the following guidelines we have implemented at all times.

1. Enforcement Agents are fully certificated. Copies of Certificates issued by the relevant County Courts are available for perusal by the Council if required.
2. Enforcement Agents observe a business dress code and behave professionally and courteously.
3. Debtors are treated in a firm but fair manner at all times.
4. Enforcement Agents are circumspect and discreet when attempting to contact the debtor, and do not disclose the nature of their business or investigations to any third party unless otherwise instructed by the debtor.
5. On visiting a debtor, the Enforcement Agent introduces himself/herself as a Certificated Enforcement Agent from XXXX acting on behalf of the Council and produces his/her company photographic identification and authorisation to act (supplied by the Council) to the debtor and to any other person who may have reason to view it.
6. Enforcement Agents explain clearly the reason for their visit and if necessary, the powers of an Enforcement Agent. Copies of the regulations and charges that may apply are left at the debtor's premises.
7. The Enforcement Agent undertakes visits to enforce Warrants/Liability Orders between the hours of 06.00 am to 9.00 pm Monday to Sunday. Each visit is conducted at different times of the day to ensure the maximum possibility of contacting the debtor. At least two visits occur outside normal working hours.
8. The Enforcement Agent will confirm that they will be recording the visit via the Agent's video badge and stop if permission is not granted.
9. Recovery action is not undertaken on Bank Holidays, on Good Friday or on Christmas Day unless specifically requested by the Council, and only where legislation permits.
10. Enforcement Agents are respectful of the religion and culture of others at all times. They are aware of the dates for religious festivals and carefully consider the

appropriateness of undertaking any recovery action on any day of religious or cultural observance or during any major religious or cultural festival.

11. If exceptional circumstances necessitate visits outside these days and hours, the Council is contacted prior to any recovery action.
12. All documentation left with the debtor or at their premises is on pre-printed stationery. Any documents left at the premises in the absence of the debtor are sealed in a plain envelope.
13. All documentation is written in clear and unambiguous English and includes all appropriate reference numbers, telephone numbers, addresses and the name of the Enforcement Agents who visited the debtor's property. If required, the Agent can provide documentation in large print, Braille and other languages.
14. Copies of standard documentation used in the recovery process are forwarded to the Council for approval prior to commencement of any future contract.
15. Enforcement Agents do not enter the debtor's property if it appears that the only persons present are young people under the age of eighteen. If appropriate, the Enforcement Agent may ask when the debtor will be at home.
16. If Enforcement Agents encounter a situation where the only persons present appear to be children under the age of twelve, they withdraw from the property without making any enquiries.
17. If communication difficulties arise as a result of a debtor not being fluent in English, we attempt to resolve the problem in the first instance by referring to our language matrix. This matrix contains a listing of staff able to speak other languages and is utilised in an attempt to supply an immediate interpretation facility.
18. Where the Enforcement Agent identifies an individual who falls into the Council's vulnerable category then the appropriate procedures will be followed. A prompt written response is provided if an Agent is requested to produce additional information.
19. In the unlikely event of any breach of the peace, or incident that may lead to a complaint, the Enforcement Agent immediately withdraws from the situation, informs the Council and seeks advice before proceeding with the recovery process.

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 12
DATE OF MEETING:	29th AUGUST 2019	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (SERVICE DELIVERY)	OPEN
MEMBERS' CONTACT POINT:	ADRIAN LOWERY, 5764, adrian.lowery@southderbyshire.gov.uk	DOC:
SUBJECT:	PICTORIAL WILD FLOWER PLANTING TRIAL	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE:

1.0 Recommendations

- 1.1 That Finance and Management Committee approves the financial implications of the Pictorial Wild Flower Planting Trial report, approved by Environment and Development Services Committee on the 15 August 2018.

2.0 Purpose of the Report

- 2.1 To seek approval for the financing of a pictorial wildflower planting trial as a pilot scheme at four locations within the district. The proposed trial was approved at Environmental and Development Services Committee on the 15 August with a recommendation that the financial implications be referred to Finance and Management Committee.

3.0 Executive Summary

- 3.1 Unlike the current grass cutting arrangements, pictorial wildflower planting requires a different management and mowing regime.
- 3.2 The proposed pilot areas for pictorial wildflower planting are as follows:
- Hartshorne Road, Repton – Right hand side of road heading towards Hartshorne just after the Knights Lane junction.
 - Ticknall Road, Ticknall – Left hand side of road heading into Ticknall
 - The Mease, Hilton - Derby Road end nearest to A50.
 - William Nadin Way, Swadlincote
- 3.3 In addition there are 'nature sites' where a meadow regime can replace current regular mowing, e.g. Sandholes, Midway.
- 3.4 A meeting is planned with the County Council's Head of Network Management in August to progress this proposal and to explore opportunities for joint working, however the pilots would need to commence this autumn for wildflowers to appear

next spring so a decision to proceed is needed prior to any agreement with the County Council.

4.0 Detail

4.1 In April 2018, Environmental and Development Services and Housing and Community Services Committee agreed a set of standards for how the Council will manage a number of its public facing services including:

- parks and open spaces
- grass cutting and street cleansing
- Housing estates and communal areas.

4.2 These standards set out the frequency and the nature of the services that would be delivered and have since been underpinned by Key Performance Indicators in the Council Plan on:

- Improving local environmental quality (measured through an annual survey supported by Keep Britain Tidy)
- Adherence to the grass cutting standards.

4.3 South Derbyshire District Council cuts grass to ensure that people can use the roads and pavements safely. The Council cuts the grass on all Council-owned land, highway verges (as an agent for Derbyshire County Council), public open spaces, parks, town centres and memorial gardens.

4.4 The County Council has indicated that whilst it would not object to the Council piloting wildflower planting on highway verges, it does not have any resources to support this. It would also not support just leaving grass to grow as this creates safety/visibility issues.

4.5 For all highway verges, the Council would need to apply for and obtain a cultivation licence from the County Council prior to any planting taking place.

4.6 As a guide, areas outside 30mph signs are cut three times a year and traffic sight lines are cut four times a year. Under the Agency Agreement with Derbyshire County Council the Council is required to cut a metre strip of the verge in two of every three years with the third year requiring a full verge cut back to the highway boundary. Areas within the 30mph zones are cut 16 times a year.

4.7 The Council uses large mowers to make cutting as efficient as possible. Sometimes, these machines cannot cut close enough to trees and bases of obstacles so trimmers are used to ensure a consistent cut across all areas on every cut. Grass cuttings are not collected.

4.8 There are a number of distinct approaches to the introduction of wildflower verges and increasing biodiversity, principally these are “re-wilding”, native wildflower plantings and ornamental wildflower planting. Re-wilding” i.e. merely allowing grass to grow and cut and clear annually, is perhaps considered the more sustainable option and is sympathetic to local biodiversity, but can take between three to five years to show any noticeable difference. Native wildflower and ornamental wildflower planting can deliver quicker results.

4.9 Unlike the current grass cutting arrangements, wildflower plantings require a different management and mowing regime which involves:

- Autumn Marking out the area to be planted
Spraying to eradicate weeds
Rotavating
Seeding
- Spring/Summer
Once the seeds have flowered and set seed the verges then need to be cut, raked, bailed and cleared.
The arisings then need to be disposed of. Currently cut grass is blown back on to the verges with no disposal costs.
- The above management process would then start again with repeat sowing necessary to maintain the full impact of the wildflower the following year.

4.10 The proposed pilot areas for pictorial meadows are as follows:

- Hartshorne Road, Repton – Right hand side of road heading towards Hartshorne just after the Knights Lane junction.
- Ticknall Road, Ticknall – Left hand side of road heading into Ticknall
- The Mease, Hilton - Derby Road end nearest to A50.
- William Nadin Way, Swadlincote

5.0 Financial Implications

5.1 Costs in year one include for two cuts and clearances and two herbicide treatments plus full coverage seeding, subsequent years include for one cut and clearance and top up seeding.

	19/20	20/21	21/22	22/23	23/24	Total
Manpower	£3,822	£1,912	£1,950	£1,989	£2,028	£11,701
Equipment Hire Costs	£2,250	£750	£ 765	£ 780	£ 795	£ 5,340
Materials	£1,214	£447	£ 456	£ 465	£ 474	£ 3,056
Total	£7,286	£3,109	£3,162	£3,234	£3,297	£20,088

5.2 Initially, the Council would need to hire the type of equipment required to undertake the management of such sites during the pilot phase as compact tractors and bailing equipment would be required for larger sites, or ride-on flail mower/collectors for smaller sites such as verges or parks.

5.3 In the long-term; investment by the Council in such equipment would need to be considered. Wildflower management is more intensive than conventional mowing therefore consideration about the number of staff and appropriate training would need to be factored in to any longer-term undertaking.

5.4 Due to the favourable out-turn on the General Fund in 2018/19 as reported in July; the additional cost for the trial scheme can be funded through the General Fund.

5.5 Once the outcome of the trial has been considered, any additional long-term costs will need to be evaluated and reported accordingly.

6.0 Corporate Implications

Employment Implications

- 6.1 Wildflower management is more intensive than conventional mowing therefore consideration about the number of staff and appropriate training would need to be factored in to any longer-term undertaking.
- 6.2 In the short-term workforce resources would need to be deployed on overtime to enable planting to take place this year. Overtime is voluntary and the Council would therefore be reliant on securing sufficient volunteers to undertake the work in the short timescale available.

Legal Implications

- 6.3 Renegotiation of the Highways' Agency Agreement with the County Council could be required.

Corporate Plan Implications

- 6.4 If successful the potential roll-out of wildflower planting in parts of the District may require the Council to rethink the Service Standards that have previously been agreed.

Risk Impact

- 6.5 There is increased awareness from the public of the potential for public land owners to improve their impact on the built and natural environment; there is momentum throughout the Country to be seen to be doing something, particularly following the National Pollinator Strategy in 2014. Failure to implement such a scheme could have a detrimental effect on the Council's reputation.

7.0 Community Impact

Consultation

- 7.1 Prior to implementing the pilots the Council will need to develop a communications plan to inform and in some cases persuade a sometimes skeptical public about the benefits of not cutting the grass.

Equality and Diversity Impact

- 7.2 Not applicable

Social Value Impact

- 7.3 Wildflower planting increases biodiversity, pictorial planting enhances the aesthetic appearance of otherwise bland green spaces and encourages wildlife.

Environmental Sustainability

- 7.4 In August 2018 the Council established a Corporate Environmental Sustainability Group (CESG) to consider ways in which the Council could improve its environmental credentials. This was timely, given the most recent Council Motion in June 2019 for

the Council to declare a Climate Change Emergency signed up to by over 100 local authorities across the country.

- 7.5 The Group's remit is to move the Council towards becoming a beacon of environmental good practice. Its first task was to focus on retaining accreditation to the International Environmental Standard ISO14001 which was successfully achieved in October 2018 but the Group is now focusing on developing a range of other environmental projects including:
- Developing a Staff Travel Plan by encouraging staff to walk, cycle and use public transport both to work and in the course of their duties to reduce carbon emissions and improve the health and well-being of staff.
 - Considering ways that the Council can better manage its own waste, water and energy improving its procurement practices to ensure consideration is given to environmental factors during the procurement process.
 - Developing a biodiversity plan for the District which has the potential to fundamentally change the way in which the Council manages its own land, public open space and land it manages on behalf of others i.e. highway verges.
- 7.6 A separate report on the agenda for this Committee which will recommend developing a biodiversity plan for the District, or what the Group is calling "A Strategic Action Plan for Nature".
- 7.7 This Plan will be a long-term Strategy for the District and will form part of the evidence base for the next Local Plan. It will help and support the Council to provide more clarity to developers on the way in which the Council would like to see net biodiversity gain being delivered as part of any future development.
- 7.8 In the short-term, however, whilst this Plan is being prepared the Group is working on a package of biodiversity measures to pilot across the District for consideration by Members. These will be outlined in full in the Committee report.
- 7.9 The first of these measures, is to undertake pilot wildflower planting/pictorial meadows in a number of locations across the District to enable a better understanding of the resources, staff, equipment etc. required (indicative costings for the pilot verges are attached) and to also gauge the public's reaction to cutting the grass less in these places.

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 13
DATE OF MEETING:	29th AUGUST 2019	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 – 29th August 2019
Work Programme for the Civic Year 2019/20

Work Programme Area	Date of Committee Meeting	Contact Officer (Contact details)
Corporate Plan 2016 to 2021: Performance for the 2018/19	13 June 2019	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)
Equalities and Safeguarding Annual Report 2018/19	13 June 2019	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)
Health and Safety Annual Report 2018/19	13 June 2019	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)
Compliments, Complaints and Freedom Information Requests October 2018 to March 2019	13 June 2019	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)
The Fair Funding Review	13 June 2019	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)

Budget Out-turn and Final Accounts 2018/19	25 July 2019	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Treasury Management Annual Report 2018/19	25 July 2019	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Annual Report on Sickness Absence	25 July 2019	David Clamp David.Clamp@southderbyshire.gov.uk (01283 595729)
Payment Facilities in the Civic Offices	25 July 2019	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)
Corporate Plan 2016 to 2021: Performance Report for Quarter 1 2019/20	29 August 2019	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)
Budget and Financial Monitoring 2019/20	29 August 2019	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Treasury Management Performance 2019/20	29 August 2019	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Debt Management Policy: Council Tax, Business Rates and Housing Benefit Overpayments	29 August 2019	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)

Update on the Council's Medium Term Financial Plan	10 October 2019	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
A Review of Earmarked Reserves	10 October 2019	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
A Review of the Local Council Tax Reduction Scheme	10 October 2019	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbyshire.gov.uk (01283 595811)
Corporate Plan 2016 to 2021: Performance Report for Quarter 2 2019/20	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbyshire.gov.uk (01283 595811)
Budget and Financial Monitoring 2019/20	28 November 2019	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Treasury Management Performance 2019/20	28 November 2019	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Compliments, Complaints and Freedom Information Requests April to September 2019	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbyshire.gov.uk (01283 595811)

Update on the Fair Funding Review (<i>provisional</i>)	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)
Service Base Budget Proposals 2020/21	9 January 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Budget Report 2020/21, including Consolidated Budget Proposals and Medium Term Financial Plan to 2025	9 January 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Council Tax Premium on Long Term Empty Properties	9 January 2020	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)
Financial Budget Proposals 2020/21 and Financial Plan to 2025	13 February 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Treasury Management Strategy 2020/21 and Prudential Indicators	13 February 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Proposed Local Council Tax Reduction Scheme 2020/21	13 February 2020	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)

Discretionary Business Rates Relief Scheme	13 February 2020	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)
Corporate Plan Performance	19 March 2020	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)
Budget and Financial Monitoring 2019/20	19 March 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Treasury Management Performance 2019/20	19 March 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Service Plans 2020/21	30 April 2020	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)