

Date: 11 March 2020

Dear Councillor,

**Finance and Management Committee**

A Meeting of the **Finance and Management Committee** will be held in the **Council Chamber**, on **Thursday, 19 March 2020 at 18:00**. You are requested to attend.

Yours faithfully,



Chief Executive

To:- **Conservative Group**

Councillor Watson (Chairman), Councillor Angliss (Vice-Chairman) and Councillors Billings, Mrs. Brown, Fitzpatrick, 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 note any declarations of interest arising from any items on the Agenda
- 3** To receive any questions by members of the public pursuant to Council Procedure Rule No.10.
- 4** To receive any questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 5** Reports of Overview and Scrutiny Committee
- 6** REVENUE FINANCIAL MONITORING 2019-20 **4 - 17**
- 7** CAPITAL FINANCIAL MONITORING 2019-20 **18 - 23**
- 8** TREASURY MANAGEMENT UPDATE 2019-20 **24 - 36**
- 9** EVALUATION OF CAPITAL PROJECTS **37 - 47**
- 10** TRANSFORMATION AND BUSINESS CHANGE PLAN 2020 TO 2024 **48 - 70**
- 11** SPONSORSHIP **71 - 85**
- 12** COMMITTEE WORK PROGRAMME **86 - 94**

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

- 13** 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.

- 14** To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 15** COLLECTION RATES, DEBT RECOVERY AND WRITE OFFS
- 16** STRUCTURE REVIEW ENVIRONMENTAL SERVICES

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 6</b>
<b>DATE OF MEETING:</b>	<b>19<sup>th</sup> MARCH 2020</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>VICKI SUMMERFIELD, 01283 595939</b> <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a>	<b>DOC:</b> s/finance/committee/2019-20/Mar
<b>SUBJECT:</b>	<b>REVENUE FINANCIAL MONITORING 2019/20</b>	
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM08</b>

## **1.0 Recommendations**

- 1.1 That the latest revenue 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 budget for 2019/20.
- 2.2 The report details performance up to 31<sup>st</sup> January 2020 unless otherwise stated and is the year to date 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 Updates to the MTFP during the year following Committee approvals reduced the projected deficit in 2019/20 to £273,185.

3.4 During the review of the quarterly outturn for December, five further amendments have been made to the MTFP. Restructures in Document Services, Economic Development and Cultural and Community Services, updates for the actual expected cost of restructures after job evaluation, service changes in Customer Services and a feasibility study for reopening of the Ivanhoe Line are now included. The amended projected deficit is for 2019/20 has reduced marginally to £262,591.

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

	£
Base Budget	12,702,388
Reverse out Depreciation	-842,289
Minimum / Voluntary Revenue Provisions	328,635
Contingent Sums	598,902
<b>Total Estimated Spend</b>	<b>12,787,636</b>
Financing	-12,525,045
<b>Estimated Deficit</b>	<b>262,591</b>

3.6 An update to the Council's financial position as a result of approved changes 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	460,000
Wildflower Planting	7,286
Approved Restructures	28,347
Childcare Voucher Administration	1,750
Pension Earmarked Reserve Drawdown	-8,481
<b>Total</b>	<b>598,902</b>

3.8 The Approved Restructures noted above includes the cost of the Community Enforcement Officer, the saving on the Senior Management restructure reported in detail in August (-£23k), the Finance and ICT restructures reported in August (£10k) and the Economic Development and Growth and Document Services restructures (£1k) approved in January and February.

### **Position as at January 2020**

3.9 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 SUMMARY - BUDGET MONITORING JANUARY 2020

### Summary by Policy Committee

REVENUE	ANNUAL			RESERVES	
	Full Year	Projected	Projected	Earmarked	Net effect
	Budget	Actual	Variance		on GF
	£	£	£	£	£
Environmental and Development Services	5,189,760	4,701,225	488,535	179,029	309,506
Housing and Community Services	2,265,345	2,057,846	207,499	247,780	-40,281
Finance and Management	5,247,283	2,766,832	2,480,451	2,380,539	99,912
<b>TOTAL</b>	<b>12,702,388</b>	<b>9,525,903</b>	<b>3,176,485</b>	<b>2,807,348</b>	<b>369,137</b>

3.10 Although the above table shows that projected net expenditure is £3,192,485 lower than the base budget, approximately £2,793,348 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.

3.11 Excluding transfers to specific reserves, the above table shows that based on current spending, there is a projected decrease in overall expenditure across General Fund services of approximately £369,137, which will create a surplus for the current year.

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

## COMMITTEE SUMMARY - BUDGET MONITORING JANUARY 2020

### Summary by Service Area

REVENUE	ANNUAL			RESERVES	
	Full Year	Projected	Projected	Earmarked	Net effect
	Budget	Actual	Variance		on GF
	£	£	£	£	£
Economic Development	318,142	316,755	1,387	0	1,387
Environmental Services	674,791	682,927	-8,136	8,958	-17,094
Highways & Parking	145,945	146,544	-599	0	-599
Licensing & Land Charges	27,422	-13,360	40,782	0	40,782
Planning	545,908	77,059	468,848	192,826	276,022
Street Scene	975,363	913,234	62,129	0	62,129
Waste & Transport	2,502,189	2,578,065	-75,877	-22,755	-53,122
Community Development & Support	653,810	629,396	24,414	32,338	-7,924
Recreational Activities	189,077	180,674	8,403	14,000	-5,597
Leisure Centres & Community Facilities	550,193	363,004	187,189	187,724	-535
Parks & Open Spaces	438,049	525,370	-87,321	-52,563	-34,758
Private Sector Housing	434,216	359,402	74,814	66,281	8,533
Central Support Services	3,549,529	3,514,979	34,551	31,439	3,112
Corporate & Democratic Costs	489,808	488,181	1,627	0	1,627
Elections & Registration	333,219	312,482	20,737	-4,058	24,795
Parishes, Interest, S106 Receipts & Provisions	546,933	-1,850,478	2,397,411	2,338,118	59,293
Estate Management	-269,867	-272,077	2,210	0	2,210
Revenues & Benefits	597,661	573,745	23,917	15,040	8,877
<b>TOTAL</b>	<b>12,702,388</b>	<b>9,525,903</b>	<b>3,176,485</b>	<b>2,807,348</b>	<b>369,137</b>

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

**GENERAL FUND VARIANCE TO BUDGET JAN 2020**

	<b>£'000</b>
Employee costs - FM	302
Employee costs - EDS	217
Employee costs - HCS	27
<b>Total Employee</b>	<b>546</b>
Planning Fee income	295
Investment income	60
Environmental Services income	39
Industrial Unit Rental income	38
Street Naming & Numbering income	27
Trade Waste income	27
Legal Services income	24
Unbudgeted Forestry Commission contribution	20
Licensing income	13
General Election 2017 fees	10
Vehicle Hire	10
Vehicle Spare Parts	8
Training costs	5
<b>Total Favourable Variances</b>	<b>1,122</b>
Flood Prevention costs	<b>-6</b>
Overseal Grant (toilets)	<b>-8</b>
Insurance costs	<b>-9</b>
Utility costs	<b>-10</b>
Banking Charges	<b>-10</b>
Mobile Phones	<b>-13</b>
Increased Fuel costs	<b>-13</b>
Tree Inspections and Play Audit costs	<b>-18</b>
Rateable Value finder	<b>-18</b>
Head of Service Recruitment	<b>-43</b>
Agency / Consultancy and Recruitment costs	<b>-601</b>
Other minor variances	<b>-4</b>
<b>Total Adverse Variances</b>	<b>-753</b>
<b>General Fund Projected Variance</b>	<b><u>369</u></b>

3.14 Salary savings in year relate to vacancies and maternity but are more than offset by agency and consultancy to support services areas. Due to current vacancies, a saving in employee training is also expected. Further detail of projected costs and savings per area are listed in the following table.

	<b>Employee Saving £'000</b>	<b>Agency Cost £'000</b>	<b>Variance £'000</b>	
Refuse	60	<b>-150</b>	<b>-90</b>	5 vacancies recruited in Feb
Legal	127	<b>-92</b>	35	Out to recruit
Planning	31	<b>-75</b>	<b>-44</b>	Long-term sickness
Parks	40	<b>-60</b>	<b>-20</b>	Vacancy covered by consultant
Environmental	19	<b>-57</b>	<b>-38</b>	Long-term sickness plus vacancy
Civic Offices	34	<b>-46</b>	<b>-12</b>	Vacancies recruited
Property	13	<b>-38</b>	<b>-25</b>	Maternity and vacancies - fully recruited

Land Charges	50	-30	20	Vacancies - Lichfield DC supporting
Senior Management	12	-17	-5	Sickness cover
Finance	17	-11	6	Vacancy now recruited
GF Housing	-11	-6	-17	Maternity
Caretaking	19	-6	13	
Events	6	-6	0	Long-term sickness
Democratic	9	-5	4	Vacancy now recruited
Digital	18	-2	16	Vacancies in recruitment process
Rosliston FC	-8	0	-8	Long-term sickness
Health & Safety	2	0	2	
Licensing	8	0	8	
Elections	22	0	22	
Revenues & Benefits	29	0	29	
Grounds	49	0	49	
	<b>546</b>	<b>-601</b>	<b>-55</b>	

- 3.15 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. £4m is currently invested in a longer-term high interest account with an average return of 4%. The MTFP was updated in October to include an additional £100k of investment income. It is expected that the receipt in year will exceed this on the General Fund by at least £60k.
- 3.16 Planning applications are significantly higher than forecast during the first ten months. This is not expected to continue at the same level for the remaining two months of the year, but fee income is anticipated to be at least £295k greater than budget.
- 3.17 Food Safety and Pollution Reduction income is currently higher than budgeted and this is expected to remain the case for 2019/20. Fee income generated through food safety certificates generally exceeds the budget year-on-year.
- 3.18 Street Naming income has seen a large volume of applications in line with the growth of the District and it is anticipated that this income stream will be higher than currently forecast.
- 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 Trade Waste income is generally higher than budget every financial year as the customer base is consistent, but the budget assumes potential losses of customers.
- 3.21 Legal Services income received in year is currently unbudgeted. Income has been generated for costs in relation to successful legal challenge in court.
- 3.22 Forestry England have contributed £20k towards the on-going service costs at Rosliston Forestry Centre whilst the tender for future delivery on the site is undertaken.
- 3.23 Licensing income is higher than budget which is in line with prior years.
- 3.24 Settlement of costs for the General Fund of 2017 has finally been agreed and has resulted in an additional £10k receipt more than the sum accrued.



- 3.25 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. The savings due to the new vehicle fleet are partially offset by the increase in fuel costs. The increased cost of diesel accompanied by the additional miles travelled due to growth of the District is expected to result in higher fuel costs in year. This is to be reviewed as part of the growth project.
- 3.26 Adverse variances include agency and consultancy support mentioned at 3.14 but these costs are also incurred to cover long-term sickness.
- 3.27 Recruitment into the newly created Head of Service posts has cost more than originally anticipated due to the use of an external agency to support the Leadership Team.
- 3.28 The charge for a Rateable Value finder was unbudgeted but will generate additional revenue through Business Rates which will show as part of the Collection Fund when reported after the year-end.
- 3.29 Additional professional support has been resourced to assist with plans for the play audit recommendations and tree inspections due to flooding.
- 3.30 Mobile phone costs are exceeding the budget by approximately 75% in year. This is currently under investigation.
- 3.31 Other smaller adverse variances include bank transaction charges, insurance, utilities, a grant payment and flood prevention.
- 3.32 Banking 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.
- 3.33 An increase in both insurance and utility charges is currently being seen but the expected additional cost for the year is less than 0.5% of the total utility and insurance budgets and so would not be considered material.
- 3.34 The additional grant payment of £8k for Overseal public toilets was approved by this Committee but the expenditure was not expected until 2020/21. An overspend will be seen in the current year but this will be offset by an underspend in next financial year.

### Core Grants and Funding

- 3.35 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
<b>Total Funding</b>	<b><u>12,401,924</u></b>

- 3.36 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.

3.37 Performance of the Pool is reported quarterly to all Derbyshire S151 Officers and the Pool is currently performing well. The NHS Trust challenge for charitable status has now been resolved with no case to answer therefore there will be no impact to the Pool.

### HOUSING REVENUE ACCOUNT (HRA)

3.38 The Council is required to account separately for income and expenditure in providing Council housing.

3.39 The Base Budget approved in February 2019 and updated in February 2020 for the HRA and is set with an estimated surplus of £136k. The projected position of the HRA as at January 2020 is summarised in the following table.

<b>HRA PROJECTION AS AT JAN 2020</b>			
	<b>Full Year Budget £'000</b>	<b>Projected Actual £'000</b>	<b>Projected Variance £'000</b>
Total Income	-12,414	-12,319	-95
Contribution to Capital & New Build	3,188	3,188	0
Responsive & Planned Maintenance	3,162	2,986	176
Interest Payable & Receivable	1,713	1,530	183
Supervision & Management	1,817	1,799	18
Supported Housing & Careline Services	829	844	-15
Provision for Bad Debts	100	100	0
Provision for Debt Repayment	1,424	1,424	0
Asset Replacement Contribution	45	45	0
<b>Surplus</b>	<b>-136</b>	<b>-403</b>	<b>267</b>

3.40 The above table shows that overall the HRA is expected to have an increased surplus of £403k which is £267k more than budgeted. The main reasons for the variances are detailed below.

<b>HRA VARIANCE TO BUDGET JAN 2020</b>	
	<b>£'000</b>
Employee costs	298
Repairs & Maintenance	207
Interest Charges	104
Investment income	80
Professional Fees	51
Material costs	25
Training costs	7
Utility costs	-10
Insurance costs	-16
Rental income (voids and RTB)	-90
Agency / Consultancy and Recruitment costs	-387
Other minor variances	-2
<b>HRA Projected Variance</b>	<b>267</b>

3.41 Salary savings in year relate to vacancies and are more than offset by agency and consultancy to support services. As with the General Fund, it is expected that training costs will also be lower due to vacancies.

- 3.42 Due to a slower start to the year on repairs, it is anticipated that the HRA will underspend on both repairs & maintenance and materials.
- 3.43 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. The first payment of interest for the year has resulted in a saving of £104k. Investment income is expected to be above budget by £80k on the HRA. Further detail on the reasons for the increase is noted at 3.15.
- 3.44 A lower cost for professional fees is mainly due to a contingency budget for revenue costs associated with new build and acquisition. To-date, costs have been absorbed within capital reserves, so an underspend is expected by year-end.
- 3.45 The revenue income lost through Right to Buy is a large risk to the HRA with sales as at the end of January totalling 14. In addition to losses through Right to Buy is the increased delay on relets of void properties. Contractual delays resulted in a slower turnaround of voids, but this is improving as the year progresses.
- 3.46 Smaller adverse costs relating to insurance and utilities are marginal in comparison to the full year budget and are not a material concern.
- 3.47 The HRA's 10-year MTFP is shown in **Appendix 2** for reference as nothing has changed to the HRA forecast since the MTFP reported in February.

### **COLLECTION FUND**

- 3.48 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.
- 3.49 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 31st December 2019, is detailed in **Appendix 3**.
- 3.50 This shows that the projected surplus balance on Council Tax is approximately £1,791k and Business Rates is approximately £202k.
- 3.51 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.
- 3.52 The Council are required to complete a return with expected Tax Base numbers for the following financial year in September. The Council Tax budget was based on this return with a Tax Base of 33,302 Band D equivalent properties and a total number of dwellings on the valuation list of 43,964. At the end of September 2019, the actual Tax Base was 34,474 (+1,172) with a total number of dwellings of 45,150 (+1,186). Further growth in the Tax Base has occurred during the past 4 months and will be reported as part of the final outturn.

#### **4.0 Financial Implications**

4.1 Detailed in the report.

#### **5.0 Corporate Implications**

##### **Employment Implications**

5.1 None.

##### **Legal Implications**

5.2 None.

##### **Corporate Plan Implications**

5.3 There are no specific targets within the Corporate Plan but ensuring sustainability of the Council's financial position enables services to deliver targets included with the 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 MARCH 2020**

	<b>Proposed Budget £ 2019.20</b>	<b>Projection £ 2020.21</b>	<b>Projection £ 2021.22</b>	<b>Projection £ 2022.23</b>	<b>Projection £ 2023.24</b>	<b>Projection £ 2024.25</b>
<b>BASE BUDGET</b>						
Environmental & Development	5,106,688	5,366,303	5,540,254	5,691,050	5,845,800	6,002,085
Housing & Community	2,336,844	2,439,216	2,600,549	2,645,720	2,691,209	2,737,613
Finance & Management	5,270,548	5,356,126	5,547,437	5,701,558	5,863,572	6,021,161
<b>Net Service Expenditure</b>	<b>12,714,080</b>	<b>13,161,645</b>	<b>13,688,240</b>	<b>14,038,328</b>	<b>14,400,581</b>	<b>14,760,859</b>
<b>Accounting Adjustments</b>						
Reverse out Depreciation	-842,289	-988,536	-988,536	-988,536	-988,536	-988,536
Minimum Revenue Provision (MRP)	197,409	189,512	181,932	174,654	167,668	160,962
Voluntary Revenue Provision (VRP - Recycling Bins & Grove Active Zone)	131,226	131,226	75,891	20,556	20,556	1,639
	<b>12,200,426</b>	<b>12,493,847</b>	<b>12,957,526</b>	<b>13,245,002</b>	<b>13,600,268</b>	<b>13,934,924</b>
<b>Add: Known Variations</b>						
Proposed Senior Management Restructure - One-Off Costs Provision	0	21,090	21,618	9,216	0	0
Vehicle Maintenance Plan (Tyres and Spare Parts)	0	0	20,000	43,000	40,000	75,000
Restructures Approved From April to January 2020	-175	3,834	5,214	6,517	3,625	4,867
HRA Recharge Reduction	0	76,800	76,800	76,800	76,800	76,800
Voluntary Grants and Concurrent Functions Uplift 2%	0	11,233	11,458	11,687	11,921	12,159
Local Plan Review	0	0	15,000	15,000	0	0
Incremental Salary Increases	0	0	20,610	29,125	37,853	46,800
Pay Award 2020/21	0	243,244	249,325	255,558	261,947	268,496
Reverse Pension Deficit Increase Included in Base Budget	0	-51,493	0	0	0	0
Pension Revaluation	0	89,162	92,211	95,311	98,464	101,670
Concurrent Functions Protection Approved Nov 19	0	50,059	50,059	50,059	50,059	50,059
Cultural and Community Services Restructure Approved Feb 2020	0	77,985	11,486	13,844	16,488	20,271
Additional Modern Apprentice Approved Feb 2020	0	21,850	22,396	0	0	0
Document Services Structure Update Approved Feb 2020	476	6,261	6,432	6,593	6,743	6,920
Savings from the Senior Management Restructure	-23,646	0	0	0	0	0
Investment Income	0	0	30,000	51,000	81,000	98,040
Administration of Childcare Vouchers	1,750	1,750	1,750	1,750	1,750	1,750
Temporary Posts and Rosliston	0	-136,489	-263,336	-269,906	-270,222	-264,905
Feasibility Study Approved Jan 2020	0	5,000	0	0	0	0
Potential Cost of New Waste Disposal Site	0	0	47,400	49,770	52,259	54,871
Potential Loss of Industrial Unit Income	0	0	0	190,000	190,000	190,000
Pension Earmarked Reserve Drawdown	-8,481	-38,794	-41,122	-43,589	-6,783	0

**GENERAL FUND MEDIUM TERM FINANCIAL PLAN  
BUDGET & PROJECTION as at MARCH 2020**

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	<b>Proposed Budget £ 2019.20</b>	<b>Projection £ 2020.21</b>	<b>Projection £ 2021.22</b>	<b>Projection £ 2022.23</b>	<b>Projection £ 2023.24</b>	<b>Projection £ 2024.25</b>
Pictorial Wildflower Planting Approved August 19	7,286	0	0	0	0	0

Community Safety Enforcement Officer Approved February 19	40,000	0	0	0	0	0
District Election May 2023	0	0	0	0	125,000	0
<b>TOTAL ESTIMATED SPENDING</b>	<b>12,217,636</b>	<b>12,875,339</b>	<b>13,334,827</b>	<b>13,836,737</b>	<b>14,377,172</b>	<b>14,677,722</b>
<b>Provisions</b>						
Provision for Employer's NIC on "off-payroll" payments	10,000	10,000	10,000	10,000	10,000	10,000
Contingent Sum - Growth	460,000	450,000	450,000	450,000	450,000	450,000
Waste and Recycling	100,000	100,000	100,000	100,000	100,000	100,000
<b>TOTAL PROJECTED SPENDING</b>	<b>12,787,636</b>	<b>13,435,339</b>	<b>13,894,827</b>	<b>14,396,737</b>	<b>14,937,172</b>	<b>15,237,722</b>
<b>FINANCING</b>						
Business Rates Retention	-3,707,693	-4,188,978	-3,699,726	-3,670,153	-3,676,916	-3,681,390
Discretionary Business Rate Relief Scheme	-20,000	-3,000	0	0	0	0
New Homes Bonus	-3,281,951	-4,262,171	-3,816,195	-3,815,552	-3,590,570	-2,692,927
Council Tax Income	-5,405,401	-5,704,748	-5,962,934	-6,229,020	-6,503,216	-6,785,737
<b>Core Spending Power</b>	<b>-12,415,045</b>	<b>-14,158,897</b>	<b>-13,478,855</b>	<b>-13,714,725</b>	<b>-13,770,702</b>	<b>-13,160,055</b>
Add Estimated Collection Fund Surplus - Council Tax	-110,000	-83,200	-55,000	-55,000	-55,000	-55,000
<b>TOTAL FINANCING</b>	<b>-12,525,045</b>	<b>-14,242,097</b>	<b>-13,533,855</b>	<b>-13,769,725</b>	<b>-13,825,702</b>	<b>-13,215,055</b>
<b>Revenue Surplus (-) / Deficit</b>	<b>262,591</b>	<b>-806,757</b>	<b>360,972</b>	<b>627,011</b>	<b>1,111,470</b>	<b>2,022,667</b>
<b>Capital Contributions</b>						
Melbourne Sports Park Drainage	33,799	400,000	0	0	0	0
IT and Digital Strategy	210,000	210,000	210,000	210,000	210,000	210,000
Purchase of Town Centre Land	44,335	0	0	0	0	0
Community Partnership Scheme (2017 contribution)	239,005	0	0	0	0	0
Community Partnership Scheme (2019 contribution)	275,000	0	0	0	0	0
Swadlincote Woodlands Nature Reserve	0	15,000	0	0	0	0
Rosliston Forestry Centre - Play Project	0	50,000	0	0	0	0
Asset Replacement and Renewal Fund	400,000	360,000	358,000	357,000	356,000	355,000
<b>TOTAL CAPITAL CONTRIBUTION</b>	<b>1,202,139</b>	<b>1,035,000</b>	<b>568,000</b>	<b>567,000</b>	<b>566,000</b>	<b>565,000</b>
<b>TOTAL GENERAL FUND DEFICIT</b>	<b>1,464,730</b>	<b>228,243</b>	<b>928,972</b>	<b>1,194,011</b>	<b>1,677,470</b>	<b>2,587,667</b>

**GENERAL FUND MEDIUM TERM FINANCIAL PLAN  
BUDGET & PROJECTION as at MARCH 2020**

	Proposed Budget	Projection	Projection	Projection	Projection	Projection
	£	£	£	£	£	£
	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25
<b>GENERAL FUND RESERVE BALANCE</b>						
Balance b/fwd	-10,426,414	-8,961,684	-8,733,441	-7,804,469	-6,610,458	-4,932,988
Revenue Surplus (-) / Deficit	262,591	-806,757	360,972	627,011	1,111,470	2,022,667
Capital Contributions	1,202,139	1,035,000	568,000	567,000	566,000	565,000
<b>Balance c/fwd</b>	<b>-8,961,684</b>	<b>-8,733,441</b>	<b>-7,804,469</b>	<b>-6,610,458</b>	<b>-4,932,988</b>	<b>-2,345,320</b>

## HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION -MARCH 2020

	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30
	Approved Budget £'000	Proposed Budget £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000
<b>INCOME</b>											
Rental Income	-11,955	-12,168	-12,502	-12,796	-13,103	-13,424	-13,752	-14,095	-14,455	-14,823	-15,206
Non-Dwelling Income	-124	-143	-147	-150	-154	-158	-162	-167	-171	-176	-180
Supporting People Grant	-164	-130	-130	-130	-130	-130	-130	-130	-130	-130	-130
Other Income	-171	-177	-177	-177	-177	-177	-177	-177	-177	-177	-177
<b>Total Income</b>	<b>-12,414</b>	<b>-12,618</b>	<b>-12,956</b>	<b>-13,253</b>	<b>-13,564</b>	<b>-13,889</b>	<b>-14,221</b>	<b>-14,569</b>	<b>-14,933</b>	<b>-15,306</b>	<b>-15,693</b>
<b>EXPENDITURE</b>											
General Management	1,817	1,780	1,820	1,861	1,902	1,945	1,989	2,034	2,080	2,127	2,175
Supporting People	829	839	861	883	906	929	954	980	1,006	1,034	1,063
Responsive	1,247	1,344	1,377	1,410	1,443	1,478	1,513	1,549	1,586	1,623	1,662
Planned Maintenance	1,915	1,901	1,948	1,996	2,043	2,093	2,144	2,196	2,249	2,304	2,359
Bad Debt Provision	100	100	125	127	131	134	137	140	144	148	152
Interest Payable & Receivable	1,713	1,713	1,713	1,713	1,713	1,713	1,713	1,713	1,713	1,713	1,714
Depreciation	4,312	3,700	4,005	3,983	3,966	3,950	3,933	3,920	3,907	3,894	3,884
<b>Net Operating Income</b>	<b>-481</b>	<b>-1,241</b>	<b>-1,107</b>	<b>-1,280</b>	<b>-1,460</b>	<b>-1,647</b>	<b>-1,838</b>	<b>-2,037</b>	<b>-2,247</b>	<b>-2,462</b>	<b>-2,684</b>
<b>Known variations:</b>											
Reversal of Depreciation	-4,312	-3,700	-4,005	-3,983	-3,966	-3,950	-3,933	-3,920	-3,907	-3,894	-3,884
Capital Expenditure	1,888	1,935	1,683	1,470	1,433	1,477	1,516	1,547	1,182	1,261	1,489
Disabled Adaptations	300	300	300	300	300	300	300	300	300	300	300
Asbestos and Health & Safety Surveys	100	100	100	100	100	100	100	100	100	100	100
Debt Repayment - Balance of Depreciation	1,424	765	1,322	1,513	1,884	1,473	1,417	1,456	1,759	1,670	1,395
Major Repairs Reserve	700	600	600	600	300	600	600	600	600	600	600
Asset Replacement Earmarked Reserve	45	45	45	45	45	45	45	45	45	45	45

## HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION -MARCH 2020

	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Additional Debt Repayment Transfer	0	777	2,150	2,651	2,468	1,815	2,000	1,839	750	750	750
General Fund Recharges	0	-77	-77	-77	-77	-77	-77	-77	-77	-77	-77
Investment Income	0	0	25	43	68	0	0	0	0	0	0
Capital works non-traditional properties	200	100	100	100	0	0	0	0	0	0	0
Reverse Pension Deficit Increase Incl in Base Budget	0	-3	0	0	0	0	0	0	0	0	0
Pension Revaluation	0	18	18	19	19	20	20	21	21	22	22
ICT Upgrades	0	105	0	0	0	0	0	0	0	0	0
Potential Pay Award	0	44	45	47	48	49	50	51	53	54	55
Incremental Salary Increases	0	10	10	10	11	11	11	11	12	12	12
<b>HRA Surplus (-) / Deficit</b>	<b>-136</b>	<b>-222</b>	<b>1,210</b>	<b>1,557</b>	<b>1,172</b>	<b>215</b>	<b>212</b>	<b>-63</b>	<b>-1,410</b>	<b>-1,620</b>	<b>-1,876</b>
<b>HRA General Reserve</b>											
HRA Reserve B/fwd	-6,919	-7,055	-7,277	-6,068	-4,510	-3,338	-3,122	-2,911	-2,974	-4,384	-6,003
(Surplus) / Deficit for year	-136	-222	1,210	1,557	1,172	215	212	-63	-1,410	-1,620	-1,876
<b>HRA Reserve C/fwd</b>	<b>-7,055</b>	<b>-7,277</b>	<b>-6,068</b>	<b>-4,510</b>	<b>-3,338</b>	<b>-3,122</b>	<b>-2,911</b>	<b>-2,974</b>	<b>-4,384</b>	<b>-6,003</b>	<b>-7,879</b>



## COLLECTION FUND MONITORING 2019/20 (as at 31st December 2019)

	Actual 2018/19	Estimated 2019/20	3rd Qtr Projection 2019/20	Notes
<b>COUNCIL TAX - INCOME &amp; EXPENDITURE</b>	£'000	£'000	£'000	
<b>INCOME</b>				
Council Tax Collectable	57,262	61,270	61,596	Est. Increase in Tax Base and Precepts at 7%
<b>EXPENDITURE</b>				
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	616	Estimated at 1% of income
<b>Total Expenditure</b>	<b>56,364</b>	<b>60,621</b>	<b>60,624</b>	
<b>Surplus for the Year</b>	<b>898</b>	<b>650</b>	<b>972</b>	
<b>COUNCIL TAX BALANCE</b>				
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	972	
<b>Closing Balance as at 31st March</b>	<b>1,819</b>	<b>1,469</b>	<b>1,791</b>	
	<b>Actual</b>	<b>Estimated</b>	<b>3rd Qtr</b>	
	<b>2018/19</b>	<b>2019/20</b>	<b>Projection</b>	
			<b>2019/20</b>	
<b>BUSINESS RATES - INCOME &amp; EXPENDITURE</b>	£'000	£'000	£'000	
<b>INCOME</b>				
Business Rates Collectable	25,226	27,070	27,209	Estimate as per NNDR1
Transitional Protection Payments	771	705	600	
<b>Total Income</b>	<b>25,997</b>	<b>27,775</b>	<b>27,809</b>	
<b>EXPENDITURE</b>				
Central Government Precept	0	13,398	13,398	
SDDC Precept	13,338	10,718	10,718	Per NNDR1 Submission
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	272	Estimated at 1% of income
Provision for Appeals	-72	646	544	Estimated at 2% of income (forecast is NNDR1)
<b>Total Expenditure</b>	<b>26,945</b>	<b>27,774</b>	<b>27,702</b>	
<b>Surplus / Deficit (-)</b>	<b>-948</b>	<b>1</b>	<b>107</b>	
<b>BUSINESS RATES BALANCE</b>				
Opening Balance 1st April	-192	-377	-377	Per Final Accounts 2018/19
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	107	
<b>Closing Balance as at 31st March</b>	<b>-377</b>	<b>96</b>	<b>202</b>	

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 7</b>
<b>DATE OF MEETING:</b>	<b>19<sup>th</sup> MARCH 2020</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>VICKI SUMMERFIELD 01283 595939</b> <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a>	<b>DOC:</b> s/finance/committee/2019-20/Mar
<b>SUBJECT:</b>	<b>CAPITAL FINANCIAL MONITORING 2019/20</b>	
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM08</b>

## **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 31st January 2020 unless otherwise stated and is the third 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 HRA reserves plus grant income.
- 3.4 The capital budget for 2019/20 was approved in February 2019 and has been updated following the outturn 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 third quarter of 2019/20 on capital projects and the total financing of all of the projects is summarised in the following tables.

<b>Capital Spending 2019/20 (as at Jan 2020)</b>	<b>Approved Budget £</b>	<b>B/fwd 2018/19 £</b>	<b>Updated Budget 2019/20 £</b>	<b>Spend to-date £</b>
Council House Capital Works	2,788,000	0	2,788,000	1,154,182
Council House Disabled Adaptations	300,000	0	300,000	208,940
New Build and Acquisition Schemes	1,410,000	237,367	1,647,367	1,125,709
<b>Total HRA</b>	<b>4,498,000</b>	<b>237,367</b>	<b>4,735,367</b>	<b>2,488,831</b>
Private Sector Housing Works	792,375	1,151,017	1,943,392	258,960
Environmental and Heritage Schemes	0	42,007	42,007	59,472
Swadlincote Woodlands Nature Reserve	0	37,000	37,000	0
Community Partnership Scheme	0	239,005	239,005	103,310
Eureka Park	0	0	0	12,797
Melbourne Sports Park	400,000	33,799	433,799	9,411
CCTV Rosliston	0	0	0	13,580
Flail Mower, Rosliston	0	0	0	10,750
Vehicle Replacements	517,000	0	517,000	354,029
Sale of Land	0	0	0	7,567
Community Centres / Pavilion	0	0	0	30,582
IT Strategy	210,000	461,842	671,842	232,578
Property Maintenance and Refurbishment	130,000	130,000	260,000	65,684
<b>Total General Fund</b>	<b>2,049,375</b>	<b>2,094,670</b>	<b>4,144,045</b>	<b>1,158,720</b>
<b>Total Council Expenditure</b>	<b>6,547,375</b>	<b>2,332,037</b>	<b>8,879,412</b>	<b>3,647,551</b>

<b>Capital Financing 2019/20</b>	<b>Approved Budget £</b>	<b>B/fwd 2018/19 £</b>	<b>Updated Budget 2019/20 £</b>
HRA Revenue Contribution	3,088,000	0	3,088,000
General Fund Revenue Contribution	740,000	272,804	1,012,804
Earmarked/Specific Reserves	1,274,000	606,279	1,880,279
Capital Receipts Reserve	653,000	192,367	845,367
Grant Funding	792,375	1,260,587	2,052,962
<b>Total Funding</b>	<b>6,547,375</b>	<b>2,332,037</b>	<b>8,879,412</b>

### **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 well underway but due to the delay in appointing a new contractor, it is anticipated that the expenditure will be under budget by the year-end. Any underspend will be carried forward.

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 Seven properties were acquired in Aston and are all occupied.

- 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 now complete and are fully let. The budget carried forward from 2018/19 is specific for these dwellings. Due to the delay with completion, additional costs have been incurred and the project has exceeded the carried forward budget by £89k. The additional cost can be covered by the capital receipts reserve and there are specific revenue budgets within the HRA for professional fees in relation to new build that can be utilised if necessary.

### **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 approximately £100k under the allocated budget of £440k by the year-end. Budget carry forwards are for approved projects, some of which have started during 2019/20.
- 3.13 A list of new projects was reported to this Committee in November and this report gave a three-year projection on expected spend. A number of these projects are not expected to be rolled out until 2020/21 due to project planning and recruitment and it is therefore expected that a large carry forward will be made at the end of this financial year.

#### **Environmental and Heritage Schemes**

- 3.14 This relates to the Swadlincote Town Centre Scheme following the award of funding in 2016/17.
- 3.15 A small budget was carried forward from 2018/19 and although this budget is currently overspent, most of the expenditure incurred has been claimed from the Heritage Lottery Fund (HLF) with the remainder being funded from a specific earmarked reserve.

#### **Leisure and Community Schemes**

- 3.16 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.
- 3.17 Match funding has been secured for the Swadlincote Woodlands Nature Reserve project and work is set to commence in 2019/20.
- 3.18 The capital element of the Eureka Park project is now complete and final funding has been drawn down from S106.
- 3.19 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.
- 3.20 CCTV at Rosliston has been installed due to security concerns after a break in at the site. A flail mower has also been purchased for Rosliston. Both are to be financed through an earmarked reserve set up specifically for works at Rosliston.

## Vehicle Replacements

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

## Asset Disposals and Refurbishment

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

3.23 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. To-date works on Rink Drive have been undertaken.

## IT Strategy

3.24 Following approval of an IT Strategy, sums are being set-aside annually to fund new equipment and software.

3.25 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 currently being rolled out across the Council.

3.26 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

3.27 The capital reserve balances for the General Fund and HRA as at the 31<sup>st</sup> January 2020 are listed below.

	£
New Build and Acquisition Reserve	2,902,103
Major Repairs Reserve	3,454,260
Debt Repayment Reserve	5,046,000
<b>HRA Capital Reserves</b>	<b>11,402,363</b>
Capital Receipts Reserve	1,086,295
<b>General Fund Capital Reserves</b>	<b>1,086,295</b>
<b>Total Capital Reserves</b>	<b>12,488,658</b>

## HRA Capital Reserves

3.28 The New Build and Acquisition Reserve is topped up by all retained receipts of sales of Council houses under Right to Buy.

3.29 Right to Buy sales have totalled 13 as at 31<sup>st</sup> December 2019 and £511,768 is included in the New Build and Acquisition Reserve above and is summarised in the following table.

	Sales	Gross Receipts	Less Pooled	Retained	
	£	£	£	£	%
Quarter 1	4	206,640	-77,900	128,740	62%
Quarter 2	6	305,513	-77,900	227,613	75%
Quarter 3	3	233,315	-77,900	155,415	67%
<b>Total</b>	<b>13</b>	<b>745,468</b>	<b>-233,700</b>	<b>511,768</b>	<b>69%</b>

3.30 Two additional dwellings have been sold during January and February taking the total sales to 15 to-date in 2019/20. The dwelling sold in February is one of the Council's new build properties in Linton, built in 2016/17.

3.31 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.

3.32 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.

3.33 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
	<b><u>57,423,000</u></b>

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

### General Fund Capital Reserves

3.35 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 in the table. Included within the total reserve is the overage payment received from Chestnut Avenue, Midway.

3.36 A sum of £820,162 has been received during 2019/20 to build a community facility at Oversetts Road. This is no longer included within the Capital Receipts reserve as reported in November as it is for specific works at this location with a proportion of the receipt being negotiated under S106.

	£
<b>General Capital Receipts B/fwd</b>	<b>334,736</b>
<b>Receipts in Year:</b>	
Land Sale Bridge Street, Castle Gresley	15,552
<b>Specific Projects:</b>	
Strategic Housing Market Assessment	-50,000
Private Sector Stock Condition Survey	-60,000
Empty Property Grants	-42,000
Repairs to Village Halls and Community Facilities	-9,075
Public Buildings Planned Maintenance Programme	-58,032
Costs of Land Sales	-6,575
Midway Community Centre	-4,587
Stenson Fields Community Centre	-2,121
<b>Remaining Balance</b>	<b>117,898</b>
Overage Payment	738,599
<b>Remaining Capital Receipts Reserve</b>	<b>856,497</b>

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

3.38 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.

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>19<sup>th</sup> March 2020</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>Vicki Summerfield (01283 595939)</b> <a href="mailto:victoria.summerfield@southderbyshire.gov.uk">victoria.summerfield@southderbyshire.gov.uk</a>	<b>DOC:</b> s/finance/committee/2019-20/Mar
<b>SUBJECT:</b>	<b>TREASURY MANAGEMENT UPDATE 2019/20</b>	<b>REF</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM08</b>

## **1.0 Recommendation**

- 1.1 That the latest Treasury Management Update for quarter 3 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 third 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 Q3 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**

Having now left the EU and free to set up new trade deals, it has been reported that the UK will be hoping to secure an early trade pact with Australia as part of the "first wave" of agreements the government seeks to secure according to Foreign Secretary. At the moment the UK's trade deal with Australia is worth around 17 billion, a timetable, however, for starting the talks has not been given.

Britain plans to develop a new tariff schedule which will come into force in 2021 and apply to goods from countries around the world where no trade agreements are in place. It will be called the UK Global Tariff and it is hoped it will simplify tariffs and remove them completely on goods where Britain has no domestic production.

The UK services sector PMI survey came in better than expected in January as the flash estimate was revised up to 53.9 from 52.9 beating the consensus forecast for a no change. This result gives a clear signal the economy is improving and is consistent with growth in official services output of around 0.5% in Q1 comfortably ahead of the 0.13% / 0.3% gain in November. The manufacturing and construction sector PMIs also rebounded in January, pushing the all sector number to 52.8 from 48.9 a level consistent with Q1 GDP of around 0.3% q/q. This is slightly ahead of the Bank of England's forecast of 0.2% for Q1 but either way the strength of these numbers is consistent with our interest rate view of Bank Rate of 0.75% remaining on hold.

Despite inflation in the euro zone remaining stubbornly below the 2% target for almost seven years, European Central Bank chief economist Philip Lane stated this week that pressures are building slowly, but in line with the Bank's forecast. The deflationary drag from the shift

to a digital economy is expected not to be permanent according to Mr Lane, who is expecting wage pressures in the services sector to increase steadily, but conceded that it will take some time before inflation gets anywhere close to target.

Also speaking this week, ECB President Christine Lagarde warned that the coronavirus is adding to global economic uncertainty and will likely exacerbate widespread concerns over the impact of trade protectionism having only recently receded following the signing of the Phase 1 trade deal between the US and China.

### **Update on the financial impact of Coronavirus**

Investors had previously taken a relatively sanguine view of coronavirus, but this has quickly changed as the geographic reach of virus has escalated and with it the impact on activity and the consequences for corporate earnings.

The geographic reach of the Coronavirus (2019-nCoV) outbreak is rapidly expanding and, whilst secondary to the impact on health, is having significant and adverse economic consequences. Central banks stand ready to support the global financial system in a coordinated way not seen since the financial crisis in 2008. The US Federal Reserve announced a surprise 50bp cut in US official interest rates on 3rd March.

The uncertainty surrounding 2019-nCoV is resulting in volatile financial markets with a strong bias towards flows into safe haven assets that include UK government gilts. Longer term market rates have declined to new lows. Long-term alternatives to the PWLB exist but involve a lead time and careful analysis. Lower official interest rates are increasingly likely and could lead to near zero or negative money market rate.

### **Financial markets:**

Financial markets adopted a more risk-on approach over the quarter as equities rallied in expectation of ongoing monetary stimulus from central banks. The Dow Jones ended the 2019 calendar year up 22%, while the FTSE 100 and FTSE 250 jumped on the UK general election result with the former gaining 12% during 2019 and the latter around 25%.

Gilt yields remained volatile over the period. From 0.28% at the end of September, the 5-year benchmark gilt rose to 0.60% by the end of December. There were rises in the 10-year and 20-year gilts over the same period, with the former climbing from 0.48% to 0.82% and the latter from 0.88% to 1.24%. 1-month, 3-month and 12-month SONIA (Sterling Overnight Index Average) bid rates averaged 0.63%, 0.76% and 0.93% respectively over the period.

The US yield curve returned to 'normal' over the period with 2-year ending 2019 at 1.56% and the 10-year at 1.91%. German bunds continued to remain firmly negative with the 10-year ending 2019 at -0.19% with 2 and 5-year securities ending at -0.61% and -0.46% respectively.

Credit background: Credit Default Swap (CDS) spreads fell over the quarter. Non-ringfenced bank NatWest Markets plc CDS fell to 50 basis points at the end of December from over 80bp in September, while for the ringfenced entity, National Westminster Bank

plc, the spread fell to around 30bp. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 29 and 50bp at the end of the quarter.

Fitch affirmed the UK's AA sovereign rating, removed it from Rating Watch Negative (RWN) and assigned a negative outlook. Fitch then affirmed UK banks' long-term ratings, removed the RWN and assigned a stable outlook. Standard & Poor's also affirmed the UK sovereign AA rating and revised the outlook to stable from negative.

Moody's revised HSBC Bank's outlook to negative from stable as it expects restructuring costs to negatively impact net income over the next year or two.

The Bank of England announced its latest stress tests results for the main seven UK banking groups. All seven passed on both a common equity Tier 1 (CET1) ratio and a leverage ratio basis. Under the test scenario the banks' aggregate level of CET1 capital would remain twice their level before the 2008 financial crisis.

### **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 £1.8M 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)**

	<b>31.3.19 Actual £'000</b>	<b>31.12.19 Actual £,000</b>
<b><u>Housing Revenue Account</u></b>		
Debt Outstanding	57,423	57,423
Capital Financing Requirement (CFR)	61,584	61,584
Statutory Debt Cap	66,853	66,853
<b>Borrowing Capacity (Cap less Debt Outstanding)</b>	<b>9,430</b>	<b>9,430</b>
<b><u>General Fund</u></b>		
Debt Outstanding	0	0
Capital Financing Requirement (CFR)	5,653	5,653
<b>Borrowing Capacity (Cap less Debt Outstanding)</b>	<b>5,653</b>	<b>5,653</b>
<b>Total Capital Financing Requirement (CFR)</b>	<b>67,237</b>	<b>67,237</b>

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 31st December 2019 and the change during the year is shown below.

#### Treasury Management Summary

	31.3.19 Balance £m	Movement £m	31.12.19 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%
<b>Total borrowing</b>	<b>57,451</b>	<b>0</b>	<b>57,451</b>	
Long-term investments	2,000	0	4,000	3.53%
Short-term investments	33,500	18,871	52,371	0.77%
Cash and cash equivalents	2,500	355	2,855	0.41%
<b>Total investments</b>	<b>38,000</b>	<b>19,226</b>	<b>59,226</b>	
<b>Net borrowing</b>	<b>19,451</b>	<b>19,226</b>	<b>1,775</b>	

#### Borrowing Activity

On 9<sup>th</sup> October 2019 the PWLB raised the cost of certainty rate borrowing by 1% to 1.8% above UK gilt yields as HM Treasury was concerned about the overall level of local authority debt. PWLB borrowing remains available but the margin of 180bp above gilt yields appears relatively very expensive. Market alternatives are currently available and new products will be developed; however, the financial strength of individual authorities will be scrutinised by investors and commercial lenders.

Short-term "local to local" funding is available at around Bank Rate of 0.75% and 1-year money around 1.1%.

At 31<sup>st</sup> December 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

<b>Loan Profile</b>	<b>Type</b>	<b>Value £'000</b>	<b>Rate %</b>	<b>Maturity</b>
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
<b>Total Long-term borrowing</b>		<b>57,423</b>		
Short-term Parish Council Loans		<b>28</b>	0.00	
<b>Total borrowing</b>		<b>57,451</b>		

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 £51 and £59m due to timing differences between income and expenditure. The investment position during the quarter is shown in the table below.

#### Treasury Investment Position

	<b>31.03.19 Balance £'000</b>	<b>Q3 2019 Movement £'000</b>	<b>31.12.19 Balance £'000</b>	<b>31.12.19 Rate of Return %</b>
Banks (unsecured)	2,500	355	2,855	0.41
Local Authorities	25,000	17,350	42,350	0.85
Money Market Funds	8,500	1,500	10,000	0.71
CCLA Property Fund	2,000	2,000	4,000	3.53
<b>Total investments</b>	<b>38,000</b>	<b>12,853</b>	<b>59,205</b>	

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 3.

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

	<b>Credit Score</b>	<b>Credit Rating</b>	<b>Bail-in Exposure</b>	<b>Weighted Average Maturity (days)</b>	<b>Rate of Return %</b>
<b>31.12.2019</b>	3.80	AA-	23%	132	0.71
<b>Similar LAs</b>	4.11	AA-	63%	80	1.58
<b>All LAs</b>	4.11	AA-	60%	28	1.22

**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 28<sup>th</sup> 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 28<sup>th</sup> August 2018, with this investment purchasing 308,261 units at an offer price of 324.40p per unit. Following a review on the performance of the CCLA Property Fund an additional £2m investment was approved by Members to purchase 618,334 units at an offer price of 323.45p per unit on the 31<sup>st</sup> October 2019.

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	Q3
Dividend Received	£	20,736	33,184
Annual Equivalent Interest Rate	%	4.26	3.53%
Bid (Selling) Price	pence/unit	301.95	297.61

#### 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 31.12.19
Average 7-Day Money Market Rate (Target)	0.65%	0.67%
Average Interest Rate Achieved on Short Term Deposits	0.66%	0.72%

## Compliance

The Chief Finance Officer is pleased to report that all treasury management activities undertaken during quarter 3 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

	<b>Maximum Investment during Q3 £m</b>	<b>Maximum Invested per Counterparty £m</b>	<b>Limit</b>	<b>Maximum Term</b>	<b>Complied</b>
Debt Management Office	£5m	£5m	£20m in total	364 days	✓
Other Local Authorities	£37.8m	£5m	£5m per Authority	364 days	✓
Money Market funds	£10m	£2m	£10m total, £2m per fund	60 days	✓
CCLA Property Fund	£4m	£4m	£4m	Indefinite period	✓
Named Counterparties (HSBC/Lloyds/BOS/Close Bros/Santander)	£3.46m	£1.95m	£2m per Bank	6 months	✓
Named Counterparties (Barclays/Goldman Sachs/NatWest/RBS)	£3.7m	£2.m	£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

Our treasury advisor Arlingclose expects Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit/trade deal outcomes as well as the evolution of the global economy. Arlingclose also expects gilt yields to remain at low levels for the foreseeable future and judges the risks to be weighted to the downside.

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
<b>Official Bank Rate</b>													
<b>Upside risk</b>	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
<b>Arlingclose Central Case</b>	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
<b>Downside risk</b>	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

**COUNTERPARTY LIST 2019/20**  
(As at 31<sup>st</sup> January 2020)

Institution	Limit	Maximum Term
<b><u>Specified Investments</u></b>		
<ul style="list-style-type: none"> <li>• UK Debt Management Office (DMO)</li> </ul>	<b>£20m</b>	364 Days
<ul style="list-style-type: none"> <li>• Local, Police, Fire and Parish Authorities</li> </ul>	<b>£5m</b> with any one Authority	364 Days
<b><u>Non Specified Investments</u></b>		
<b><i>Named Counterparties</i></b>		
<ul style="list-style-type: none"> <li>• CCLA LAMIT Property Fund</li> </ul>	<b>£4m</b>	Indefinite period, subject to quarterly review
<ul style="list-style-type: none"> <li>• Money Market Funds</li> </ul>	<b>£10m in total and £2m with any one Fund</b>	60 days
<ul style="list-style-type: none"> <li>• HSBC</li> <li>• Lloyds Bank Plc</li> <li>• Bank of Scotland</li> <li>• Standard Chartered Bank</li> <li>• Close Brothers</li> <li>• Santander UK</li> </ul>	<b>£2m</b> with any one Bank	6 months
<ul style="list-style-type: none"> <li>• Barclays Bank</li> <li>• NatWest Bank</li> <li>• Royal Bank of Scotland</li> <li>• Ulster Bank Ltd</li> <li>• Goldman Sachs International</li> </ul>	<b>£2m</b> with any one Bank	100 days
<ul style="list-style-type: none"> <li>• Nationwide Building Society</li> <li>• Coventry Building Society</li> </ul>	<b>5% of total deposits</b>	6 months
<ul style="list-style-type: none"> <li>• Leeds Building Society</li> </ul>	<b>5% of total deposits</b>	100 days
<b><i>Foreign Counterparties</i></b>		
<ul style="list-style-type: none"> <li>• AAA rated institutions (<i>subject to separate approval by the Section 151 Officer</i>)</li> </ul>	<b>£1m</b> with any one Bank	1 month
<b><i>Independent Building Societies</i></b>		
<ul style="list-style-type: none"> <li>• <i>subject to separate approval by the Section 151 Officer</i></li> </ul>	<b>£1m</b> with any one society	100 days

<b>REPORT TO:</b>	<b>FINANCE and MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 9</b>
<b>DATE OF MEETING:</b>	<b>19<sup>th</sup> MARCH 2020</b>	<b>CATEGORY:</b> <b>DELEGATED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:Kevin.stackhouse@southderbyshire.gov.uk">Kevin.stackhouse@southderbyshire.gov.uk</a>	<b>DOC:</b> u/ks/capital/evaluation 2020/evaluation proposals
<b>SUBJECT:</b>	<b>EVALUATION OF CAPITAL PROJECTS</b>	
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

## **1.0 Recommendations**

- 1.1 That the prioritisation of new capital expenditure is subject to the Evaluation system as detailed in the report.
- 1.2 That the Service and Financial Planning Working Group (SFPWG) is convened to consider bids for capital investment in accordance with the Evaluation system.
- 1.3 That the SFPWG submits investment proposals back to the Committee in June 2020 for consideration following the evaluation process

## **2.0 Purpose of the Report**

- 2.1 To review and update the Evaluation system which is used to prioritise bids for new capital investment. The system was last used some years ago, but with a new Corporate Plan, together with the generation of significant capital receipts, it is timely that the system is updated.
- 2.2 The proper evaluation of capital resources is in accordance with the Council's Capital Strategy which was approved in January 2019.

## **3.0 Detail**

- 3.1 Unlike the Housing Revenue Account where there is a regular capital programme, General Fund schemes tend to be more ad-hoc. This is due to a capital programme being reliant on external funding and the generation of capital receipts.
- 3.2 The current General Fund programme is small apart from the annual planned maintenance of public buildings, together with the replacement of vehicles, plant and IT infrastructure.

- 3.3 With the recent generation of capital receipts from land sales a more significant sum of capital receipts has been and will continue to be accumulated over the next 12 to 18 months.

### Potential Resources

- 3.4 As reported in the quarterly capital monitoring report (a separate item on this Agenda) the Council currently has capital receipts of approximately £850,000 in hand, after allowing for commitments. Further receipts of £800,000 and £700,000 are guaranteed in 2020/21 and 2021/22 respectively, with an additional sum from the sale of the former depot site due in April 2020.
- 3.5 After allowing for agent and developer fees, a net receipt of approximately £700k is expected from the sale of the former depot site.
- 3.6 Included within the £850k above, is a sum of £739k relating to receipts from the development associated with Midway Community Centre. The Committee has previously approved a proportion of this sum being reinvested directly back into the site to improve the Centre and adjacent football pitches, subject to detail costs being approved by the Committee; these are estimated at approximately £ 1/4 million.
- 3.7 In total, based on known receipts, it is currently estimated that a sum of approximately £2.8 million will become available for a new General Fund capital investment programme.

### Potential Schemes and Evaluation

- 3.8 Therefore, this provides potential for new capital investment. There are likely to be competing schemes and even a sum of £2.8 million may not meet the cost of all potential projects.
- 3.9 The Council uses an Evaluation scheme to prioritise investment to ensure resources are directed to Corporate Plan priorities and provide Value for Money. The updated Evaluation system is detailed in **Appendix 1**. Effectively, the Evaluation system requires that bids are subject to the assessment of a business case.
- 3.10 The scoring system and guidance notes for the completion of bids are also detailed in Appendix 1.

### Service and Financial Planning Working Group (SFPWG)

- 3.11 All bids would be considered by the SFPWG, which is a working group of the Committee. It comprises five Members who evaluate bids and make recommendations back to the Committee. The following timetable is proposed.

Evaluation System considered by the Committee	19 March 2020
Deadline for Submitting Bids	24 April 2020
SFPWG consider and score bids	w/c 11 May 2020  w/c 18 May 2020 (if required)
Proposals from SFPWG considered by the Committee	June 2020

#### **4.0 Financial Implications**

4.1 As detailed in Section 3.

#### **5.0 Corporate Implications**

##### **Employment Implications**

5.1 None associated with the Evaluation system itself.

##### **Legal Implications**

5.2 As above.

##### **Corporate Plan Implications**

5.3 As detailed in the report, the Evaluation system ensures that finite capital resources are targeted towards the Council's approved priorities.

##### **Risk Impact**

5.4 None associated with the Evaluation system itself.

#### **6.0 Community Impact**

##### **Consultation**

6.1 None required.

##### **Equality and Diversity Impact**

6.2 None associated with the Evaluation system itself.

##### **Social Value Impact**

6.3 As above.

##### **Environmental Sustainability**

6.4 As above.

#### **7.0 Background Papers**

7.1 None.

CAPITAL INVESTMENT: BUSINESS CASE APPRAISAL

Title of Proposed Project:

Head of Service Responsible:

Project Lead:

Brief Outline of the Project:

Of the three themes contained in the Corporate Plan (*Our Environment, Our People, Our Future*) specify which one the project is mostly aligned to?

**FINANCIAL IMPLICATIONS** (*Please liaise with Financial Services regarding this Section*)

**Summary of the Estimated Capital Cost of the Project over the Project's Life-Cycle.**

	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
Direct Costs					
Additional Staffing/Support to deliver the project					
Total Cost					
Less External Funding					
Net Cost					



**On what basis have the costs been estimated**

**Source of the external funding and how secure/certain it is**

**Existing budget or capital allocation being used and/or what additional finance is required**

**On-going effect for the General Fund Revenue or Housing Revenue Account Budget**

**Potential implications for the Council's VAT position**

## **CONTRIBUTION TO THE CORPORATE PLAN**

**How the project will contribute to the Plan and in particular how it relates to specific priorities.**

**What are the expected Outputs, Outcomes and Measures of Success and how will it help to deliver performance measures agreed in the Corporate Plan?**

**VALUE FOR MONEY TEST (See Appendix for Guidance)**

**How will the Project be Economical?**

**How will the Project deliver Efficiencies?**

**How will the Project be Effective?**

**How will the Project be Equitable?**

## **COMMUNITY INVOLVEMENT & CONSULTATION**

**Provide details of any consultation, feasibility study, surveys and/or any other evidence to support the Project.**

## **PARTNERSHIPS**

**What is the extent of working with partners and third parties, including their input and requirements to/from the Project?**

## **RISKS and OPPORTUNITIES**

**What are the potential risks or missed opportunities of the Project not progressing, including any effects on the Council's reputation?**

**So what is Plan B or are there any other options.**

## **1. Being Economic – Spending Less**

- Providing improvements in a service within existing resources.
- Providing the same level of service at a lower cost.
- Getting the best price for a service or supply.
- The generation of additional income.

## **2. Being Efficient – Spending Well**

- Developing services which have a minimal impact on current resources.
- Changing services to improve capacity and resilience.
- One-off capital investment which reduces long-term revenue costs.
- Transferring potential liabilities.
- Securing external funding to finance investment.

## **3. Being Effective – Spending Wisely**

- Developing services that meet the needs of service users.
- Providing services that are aligned to Corporate Plan priorities and improve key performance indicators.
- Changing services in order to mitigate risk for the Council.

## **4. Being Equitable – Spending Fairly**

- Providing services which are accessible to all potential users.
- Improving services which have a beneficial impact on vulnerable groups.

Alignment to the Corporate Plan	50%
Value for Money Test	20%
Community Involvement and Consultation	10%
Partnership Working	10%
Risk Mitigation and Other Options	10%

### Alignment to the Corporate Plan

Significantly meets Corporate Plan priorities	<b>50</b>
A Medium/Moderate Impact	<b>30</b>
Minimal Impact	<b>10</b>

### Value for Money Test

Meets all 4 Criteria	<b>20</b>
Meets 3 of the Criteria	<b>15</b>
Meets 2 of the Criteria	<b>10</b>
Meets 1 of the Criteria	<b>5</b>

### Community Involvement and Consultation

Substantial Evidence of involvement or an evidence base	<b>10</b>
Some evidence	<b>6</b>
Minimal evidence	<b>2</b>

### Partnerships

Partnership working is integral to the Project	<b>10</b>
Some partnership or third party involvement	<b>6</b>
Minimal involvement	<b>2</b>

### Risk Mitigation and other Options

There is a Plan B	<b>10</b>
Some scope to amend the project to overcome risk or reputational damage	<b>6</b>
Minimal scope	<b>2</b>

<b>REPORT TO:</b>	<b>FINANCE and MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 10</b>
<b>DATE OF MEETING:</b>	<b>19<sup>th</sup> MARCH 2020</b>	<b>CATEGORY:</b> <b>DELEGATED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>ANTHONY BAXTER (01283 595712)</b> <a href="mailto:Anthony.baxter@southderbyshire.gov.uk">Anthony.baxter@southderbyshire.gov.uk</a>	<b>DOC:</b> u/ks/transformation/transformation plan report March 2019
<b>SUBJECT:</b>	<b>TRANSFORMATION AND BUSINESS CHANGE PLAN 2020 TO 2024</b>	
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 13</b>

## **1.0 Recommendations**

- 1.1 That the Transformation and Business Change Plan 2020 to 2024 as detailed in the report is approved.
- 1.2 That the Governance arrangements to monitor implementation and report on progress, as detailed in the report, are approved.
- 1.3 That the Committee appoint a Member Champion to sit on the Transformation Steering Group.

## **2.0 Purpose of the Report**

- 2.1 Transforming processes, systems and customer interface are key priorities in the Council's new Corporate Plan. This report sets out the strategy and four year plan in order to support the delivery of several other corporate priorities and to enable business change at the Council.

## **3.0 Executive Summary**

- 3.1 The Transformation and Business Change Plan is split into 4 core Themes to support the Corporate Plan. These themes cover Customers, Technology, People and Process.
- 3.2 Although a greater use of technology and system improvements will underpin much of the planned improvements, the split recognises that business change is not solely reliant on technology. It will also encompass improvements in standards, approach and back-offices processes, without the need for significant investment in IT.
- 3.3 Against each principle, definitive projects have been identified. These projects will differ in their length and complexity, with some being on-going iterations over a



period of time. A summary of the Plan, with the key projects, is shown in the following table.

Core Theme	Key Projects
<p><b>Our Customers</b> – <i>focussing on how residents, visitors, etc. are treated and improving their experience when contacting the Council.</i></p>	<ul style="list-style-type: none"> <li>• Standards and consistency of approach</li> <li>• Contact Centre – calls dealt with at first point of contact</li> <li>• Customer Relationship Management System</li> <li>• Expansion of on-line and Digital Services</li> <li>• Booking and appointments system</li> <li>• Telephony system – call recording and payments</li> </ul>
<p><b>Our Technology</b> – <i>focussing on key corporate solutions to embrace on-going developments.</i></p>	<ul style="list-style-type: none"> <li>• Upgrade to Microsoft 365 (Cloud)</li> <li>• Web site &amp; Intranet development</li> <li>• Data warehouse and document store</li> <li>• Asset Management System</li> <li>• Corporate system upgrades</li> <li>• Contractor Management Solution</li> </ul>
<p><b>Our People</b> – <i>supporting employee engagement, together with learning and development.</i></p>	<ul style="list-style-type: none"> <li>• E-learning and induction packages</li> <li>• Streamlining HR processes</li> <li>• Learning and Development - booking and recording</li> </ul>
<p><b>Our Process</b> – <i>supporting service specific projects, together with environment and commercialisation commitments.</i></p>	<ul style="list-style-type: none"> <li>• Data bases for work scheduling</li> <li>• Extending “Paperlite”</li> <li>• Mobile working</li> <li>• Annual Service Reviews</li> </ul>

## Governance

- 3.4 The Plan is underpinned by governance arrangements, including a formal monitoring and reporting process from Members down to working groups. It is proposed to establish a Transformation Steering Group to oversee the Plan.
- 3.5 Delivery of the Plan will involve cross departmental working through Heads of Service, supported by the corporate Business Change Unit.

## Evidence Base

- 3.6 The Plan is ambitious but is considered to be deliverable. It is expected that measurable improvements will be made over the period 2020 to 2024.
- 3.7 The Plan builds on outcomes already achieved and includes consultation through Heads of Service, Elected Members through the Corporate Planning process, together with expectations from an expanding local population and opportunities arising from technological advancements.

## 4.0 Detail

- 4.1 The Transformation and Business Change Plan, is detailed in **Appendix 1**. This sets out the background and strategy which leads to a proposed work programme at the end of the document.
- 4.2 The work programme is broad with indicative time frames that allow some flexibility to alter projects if required. The broad Plan will be distilled down into individual work programmes which will be delivered in accordance with project management methodology.
- 4.3 The Plan is ambitious but is considered achievable following investment into the senior management restructure from April 2019 and the setting up of a corporate Business Change Unit, together with the establishment of processes and documentation to support governance.
- 4.4 It should be noted that this Plan is an evolution of work already completed or currently in progress to provide the basis to deliver the key projects identified. Work already completed is highlighted in **Appendix 2**.

### **Roles and Responsibilities**

- 4.5 It is proposed that a Transformation Steering Group is established to oversee delivery of the Plan. The proposed Terms of Reference and composition of the Group are detailed in **Appendix 3**.

### **Reporting**

- 4.6 Progress against many projects will be included in the quarterly performance report on delivery the Corporate Plan. In addition, an Annual Transformation and Business Change Report will be reported to the Committee.

## **5.0 Financial Implications**

- 5.1 It is anticipated that current resources and budgets will be utilised to deliver the Plan. Some of the larger projects, for example investing in a new Customer Relationship Management (CRM) system may need additional capital resources. Where this is the case, the business case will be reported to the Committee.
- 5.2 In accordance with the approval process, all projects will continue to be subject to a business case, which will include a Value for Money (VFM) test. This will be overseen by the proposed Steering Group.

## **6.0 Corporate Implications**

### **Employment Implications**

- 6.1 None

### **Legal Implications**

- 6.2 None.

### **Corporate Plan Implications**

6.3 As detailed in the report, the Transformation and Business Change Plan will support delivery of the new Corporate Plan.

### **Risk Impact**

6.4 None associated with the Plan itself.

### **7.0 Community Impact**

#### **Consultation**

7.1 None required.

#### **Equality and Diversity Impact**

7.2 None

#### **Social Value Impact**

7.3 None.

#### **Environmental Sustainability**

7.4 None.

### **8.0 Background Papers**

8.1 None.



# Transformation and Business Change Plan 2020-2024



South  
Derbyshire  
District Council

# TRANSFORMATION & BUSINESS CHANGE PLAN 2021-2024

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# FOREWARD

Welcome to the South Derbyshire Transformation & Business Change Plan 2020-2024.

This plan outlines the central themes of a four year Transformation programme which will act, alongside Service Plans, as the delivery model for the newly introduced Corporate Plan 2020-2024.

Our Corporate Plan has our vision and values at its core which play an important role in ensuring that we deliver our services and care for our District and its people to the best of our abilities.

The Corporate Plan concentrates on the issues that are most important to the people who live and work in South Derbyshire, on national priorities set by the Government and on the opportunities and challenges presented by the environmental, economic and social aspects of the District. We have identified our three key priorities as:

Our Environment,  
Our People,  
Our Future.

This plan concentrates on how we can deliver our objectives under each of our three key priorities.

Tailored public services need to be delivered, or at least accessible, through multiple channels on an anytime, anywhere basis and the responsibility to transform services falls to Local Authorities.

By working to put appropriate and more streamlined processes, systems and channels in place, the Council will be able to establish an increasing focus on local communities and places, in addition to more efficient and repeatable services.

This Transformation & Business Change Plan is directly aligned to the needs of the Council as defined in the Corporate Plan, but is also influenced by a backdrop of national, social and economic factors, such as:

- Consumerisation, personalisation and the proliferation of web-connected devices.
- Rapid change in how people interact with and consume information.
- Greater availability and automation of digital services
- Continued Government focus on rebalancing the economy and public finances
- A growing commitment to achieve environmental and sustainability targets.
- A more flexible and innovation focused workforce

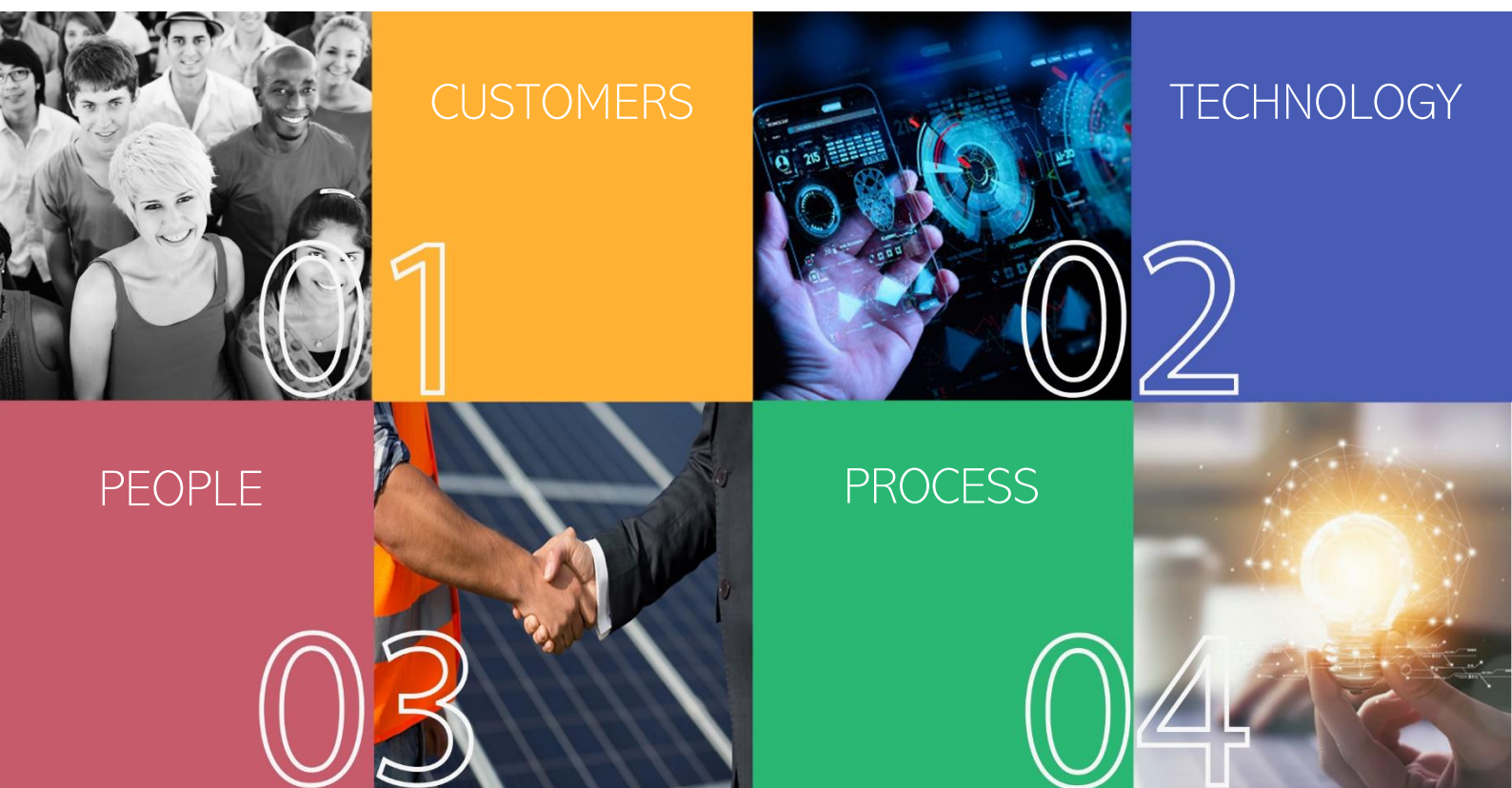




# TRANSFORMATION

The plan has been created to support the Council achieve and where possible exceed its Corporate Plan targets. Naturally, the baseline for projects contained within the plan are companions to the Corporate Performance measures which have been implemented to document and govern the progress against our ambitions. The three key priorities [Our People, Our Environment, Our Future] each have a subset of objectives and altogether there are 38 Corporate Indicators.

There are ten indicators that are not directly reliant on transformation projects, however these indicators will gain indirect assistance due to the breadth of corporate improvement in other projects, such as more flexible and resilient technology and processes.



Fifteen of the Corporate Indicators are directly delivered or dependant on outcomes from the Plan. A further twelve indicators will be supported through joint delivery and collaborative working between departments and the Business Change Team.

The projects included in the roadmap are largely a product of the requirements of Corporate and Services Plans but are also in response to known risks and inherent corporate improvements.

The Transformation & Business Change Plan provides a focal point for change in the Council.

As the core delivery model for integrating our ambitions into day to day operations of the Council, the Transformation & Business Change Plan establishes four clear building blocks for success. These themed areas provide the focused professional support to groups of common projects.

Each theme will have an annual plan, which will be governed by the roadmap to act as a change agent in their area, galvanising the transformation agenda under one unified approach and governance scheme. Each themed area will be responsible for the delivery of their annual plan and report to the Transformation Steering Group which will oversee the four year roadmap and report progress accordingly.

# CUSTOMERS

The purpose of this theme is to enhance the way in which the Council serves its customers, including designing and delivering new systems and processes to enhance customer service delivery.

A cornerstone of this work will be the scoping and delivery of a CRM solution and customer account that interfaces with key back office/line of business systems. Increasing the number of customer queries that are handled centrally and resolved at first point of contact, whether by phone, online or face-to-face will also be key to this theme.

Ultimately this theme aims to make it so easy for customers to interact with us online or by phone, that we'll have more time to serve customers who need face-to-face support, and as a result can provide better, more tailored and more quality support when needed.

Delivering more services digitally will also be central to this theme. Digital delivery is only set to grow in importance as a channel over the period of the plan. The public sector has already made significant investment to bring itself in line with the changing expectations of a digitally minded public.

From 2020 onwards, it will be Generation Y in their 30s and 40s that will start to influence public sector service demand. Generation Y is the self-service generation, comfortable conducting all aspects of their lives online and as such, they want public services to be compatible with their lifestyle. This is the first generation to be completely immersed in digital life from birth, Generation Y, has expectations of local government and the services it provides, that are distinctly different from those before them.

In 2019, almost nine in ten UK households had internet access, with 82% of people using home broadband and 70% using a 4G mobile service to get online. It's not surprising that 99% of all 16-45 year olds use the internet on a regular basis, however it is also worth noting the overall internet usage figure only drops to 95% when taking all age groups into consideration (16-75+).

This theme will also deliver standardisation of service, under a well understood and well embedded Customer Promise, as well as produce a commitment for internal customer interactions



Our guiding principles;

We will provide a clear, consistent and accessible service to all our customers

We will aim to resolve customer requests at the first point of contact through the Customer Services team

We will increase the number of customers who interact digitally as a first choice

We will be better connected with our customers and keep them up to date

We'll make it so easy to interact with us online or by phone, that we'll have more time to serve customers who need face-to-face support



# TECHNOLOGY

The projects identified under this theme will deliver ICT infrastructure to provide a robust and connected digital estate, including modern and secure solutions to allow best use of technology across the Council, supporting line-of-business systems, both customer facing and back-office.

The purpose of the theme is to harness the potential of technology available to the Council and its partners and create a digital connected knowledge platform, underpinning modern ways of working.

Each of the four building blocks identified in the roadmap are co-dependent however a special relationship exists between the Customers and Technology themes. The Council is data rich but information poor and will implement a new approach to corporate data management throughout the roadmap.

A new architecture for integration of systems will be developed throughout the life cycle of this them to enable the Council to make best use fo the information is gathers.

"The purpose of the theme is to harness the potential of technology available to the Council and its partners and create a digital connected knowledge platform, underpinning modern ways of working. "

Technology will play a crucial role in automating blended services and provisioning information on the move. Access to information and systems will be vital to tailoring services and ensuring the maintenance of individual online portals. Slick back-office processes ensure resources are synchronised and demand is met.

Local Authority services need to be able to flex and adapt to citizens' demands, right down to their communication channel and format of choice. As technology evolves at an increasing pace, the Council will respond to technology savvy citizens, partners and employees through the projects identified in this theme.

There's no doubt that technology and 'as a service' delivery will play a leading role in the new business models, automation and processes over the next decade, to enable authorities to meet both financial and service delivery targets.





# PROCESS



The responsibility to transform local services falls to Local Authorities. By working to put appropriate and more streamlined processes, systems and channels in place early, the Council will be able to establish an increasing focus on local communities and places, in addition to more efficient and repeatable services.

In order to provide streamlined and efficient customer experiences, make best use to modern and flexible technology and align talented and engaged employees to Council objectives, the correct process must be in place.

Often transformative work programmes are derailed through not getting the basics right. More frequent still is the perception that transformation needs to occur in the form of new technological solutions, when fundamentally a process change would give a far greater return on investment.

The purpose of this theme is to collaborate with colleagues across the Council to deliver service reviews and change interventions that bring about positive results.

The working group will manage service improvement projects that are required in response to the Corporate plan, risk registers or service reviews that are not already in delivery through the other themes. These projects will deliver process changes that will lead to efficiency gains, reduced costs, reduced risk, or increased satisfaction.

The theme will have more capacity to assign emerging projects than the other three in the roadmap due to its interventive nature and is the reason this theme has a reoccurring programme of work relating to service reviews.

A standardised approach for reviewing the Council's process is now in place allowing for an evaluation across the organisation to happen in a unified way. In many cases the output from a service review will then feed into the next annual work programme for the other themes.

## IDEA



In order to remain relevant and effective the Council must continually evolve and improve its processes. To do this we must foster a culture of innovation and creativity. The People theme has this objective at its heart and the Process theme provides a suitable framework to extract these ideas from the workforce and apply it to any given situation.

## PROCESS



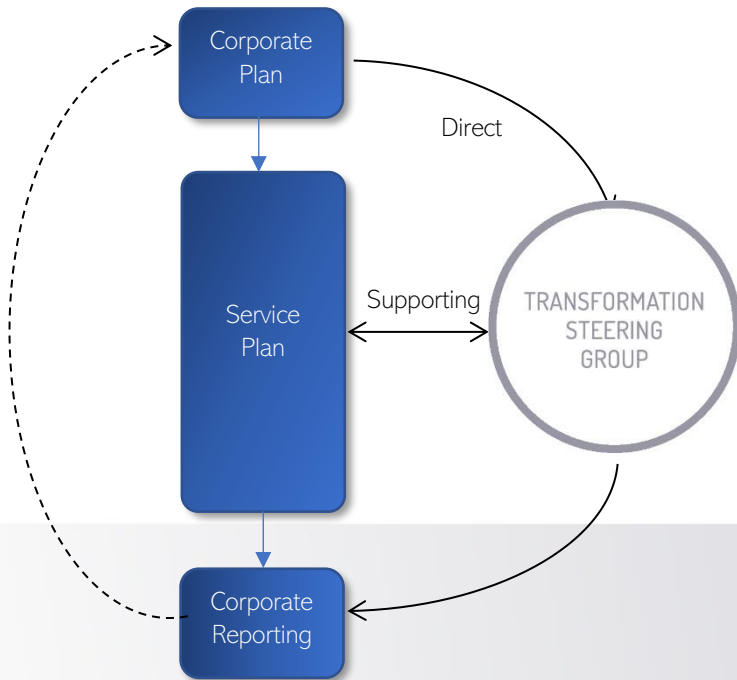
The Council has taken bold steps to restructure its approach to transformation not least the introduction of the corporate Business Change team to act as a neutral consultancy partner for the construction and evaluation of change projects, rooted in business cases principles such as ROI and Benefits Realisation.

## GOAL



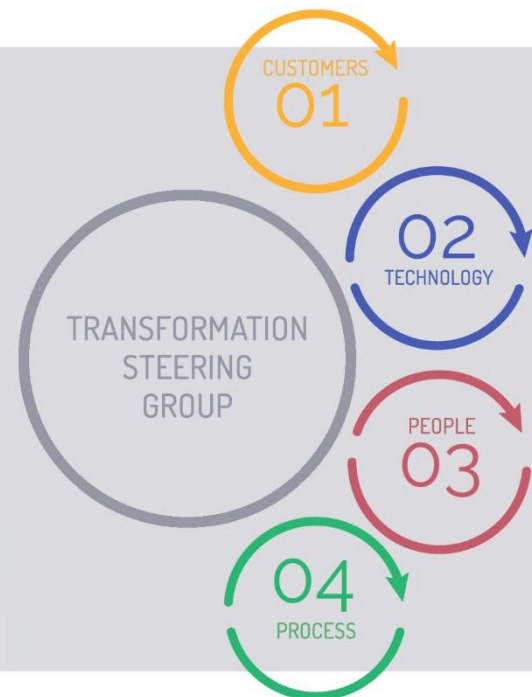
The Council has set itself ambitious goals, both at a strategic and operational level, however have done so in a confident self-image with the knowledge that adversity is inevitable through any challenging endeavour and outcomes realised the roadmap will provide the skills and effective operating model commensurate to the challenge.

# GOVERNANCE



It is important to have a clear and well documented governance structure when embarking on any objective. The Council has robust governance in place in relation to the Corporate Plan which forms the ultimate layer of reporting and escalation in the organisation. The output of the Transformation & Business Change Plan will be measured in line with this framework as is represented by the diagram to the right. A mixture of supporting and directly projects have been highlighted to contribute towards achieving the 38 objectives in the four year Corporate Plan 2020-2024.

The Transformation Steering Group is responsible for Programme Management of the roadmap and the projects it contains. The group will be attended by the Council’s Strategic Directors, the Chair of each of the operational groups established under each Transformation Plan theme, in addition to other relevant resources, such as key stakeholders. The group will meet less regularly than the operational groups with the objective to act as an executive authority to project delivery, evaluate project progress and manage risks, conflicts and escalations.



Each of the four themes has a working group to progress core pieces of work relating to the four year roadmap.

The Transformation Steering Group will be assessing project progress against the annual work programme for each theme as presented by the Chair each April. The annual work programme will of course reflect the four year roadmap, although it will be the role of the Transformation Steering Group to prioritise, reschedule or introduce new work into the roadmap if required.

The working groups [Project Management] and the Transformation Steering Group [Programme Management] will adhere to the corporate PMO process and documents as identified by the Business Change Team and published on the intranet.

The standardisation of the management tools has already been completed as a pre-requisite to managing a large and complex programme of change.

	2020 -2021	2021 -2022	2022 -2023	2023 -2024
--	------------	------------	------------	------------

Customers

Customer Improvement Programme				
Interim Booking Solution	Online Offer Review and Promotion			
CRM (CMS)Specification & Procurement	CRM Implementation			
New contact centre & call centralisation	Review and replace corporate contact centre telephony			
Customer promise and brand standard				

Technology

Digital Destination Website	Corporate Performance System	Accommodation Technology Review		
Infrastructure,Office 365, Corporate Intranet & Document store [SharePoint]		Environmental Health System		
Data Warehouse	Website Platform Delivery	Backup, DR & Resilience		
Finance System	SIP & Corporate Networks	Infrastructure Audit		
Corporate Asset & Contractor Management Solution, LoB Systems				

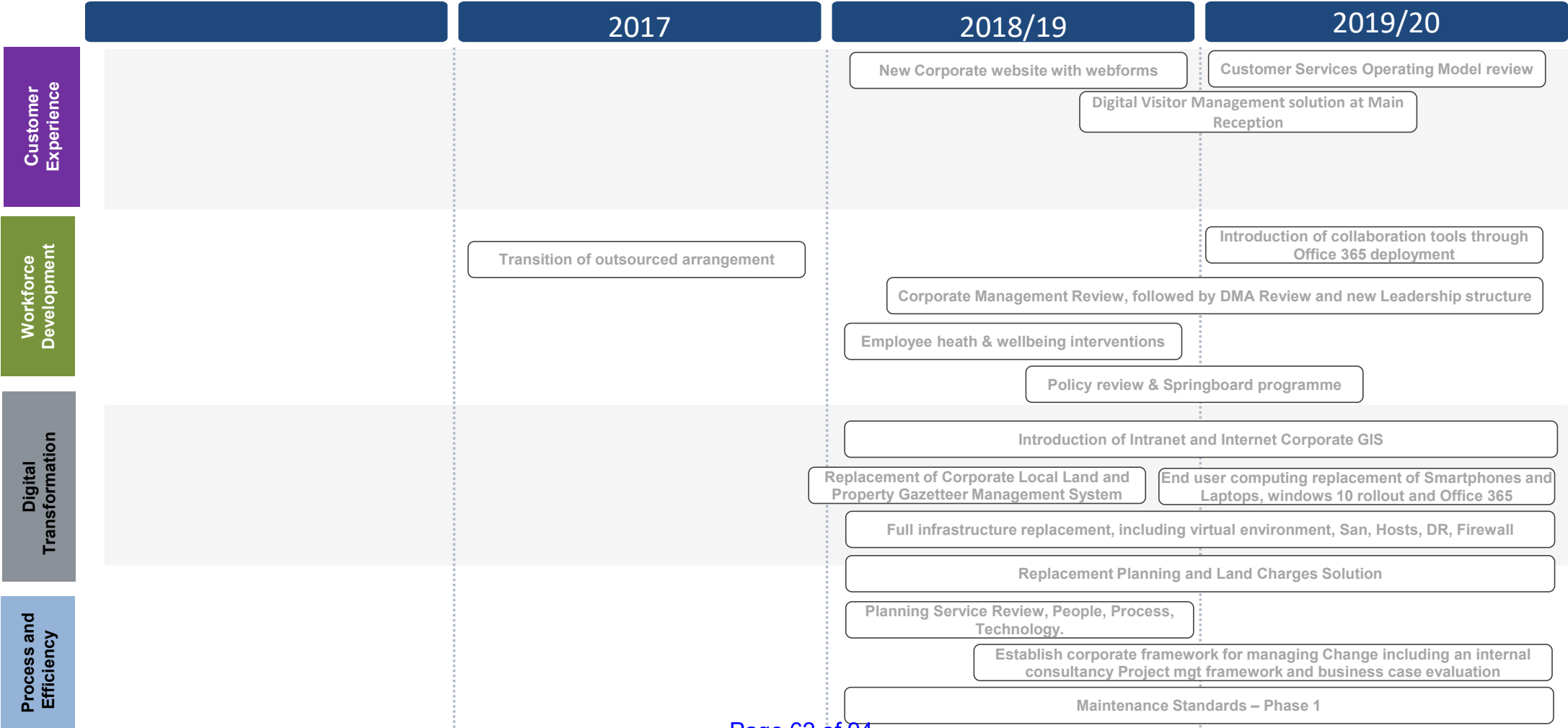
People

Employee engagement				
Starters and Leavers process	HR Self-Service (HR Administration)			
E-Learning		Learning Management		
	Talent & Sucsession			
Corpoate Policy and Process Review				

Processes

Service Review Programme	Service Review Programme	Service Review Programme	Service Review Programme	
Commercial agenda				
Financial narrative & training				
Paperlite & Digital workflow				
Climate and sustainability commitments				

# SDDC Transformation 2018 - 2020



# Transformation Steering Group

## Terms of Reference

February 2020

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## Version Control

Version	Description of version	Effective Date
1.0	Adoption	Feb 2020

## Approvals

Approved by	Date
Strategic Director Corporate Resources, Chair of Transformation Steering Group	Feb 2020

## Glossary of Terms:

**Transformation Plan.** The strategic document outlining considerations, approach and content of transformation activities over the four year period 2020-2024

**Transformation Roadmap.** The high-level charting and critical path of grouped projects in relation to the four year period 2020-2024

**Transformation Programme.** The collective sum of all transformation projects and activities needed in order to follow the Transformation Plan and roadmap.



**Annual Work Plan.** The projects in each theme that are required from 1<sup>st</sup> April to 31<sup>st</sup> March in any given year.

## 1.0 Purpose

The purpose of the Transformation Steering Group is to develop, coordinate and manage transformation activity across the Council and ensure that service improvements and savings are delivered in line with the Corporate Plan, Transformation & Business Change Plan and Medium Term Financial Plan.

## 2.0 Objectives

- Provide the overarching governance and decision making framework for the Transformation Programme
- Agree the overall programme goals, objectives and priorities on an annual basis and over a four year period from April 2020 to March 2024.
- Monitor and manage programme progress, savings and impact and ensure projects are managed through the corporate standard as documented in the project toolkit.
- Provide a robust challenge and scrutiny function for all projects and reviews.
- Manage high-level interdependencies and risks associated with all transformation programmes and the wider change agenda or corporate priorities.
- Strategically identify, prioritise and allocate resources to programmes and projects, re-aligning where necessary
- Identify and develop funding and resource plans designed to assist in the delivery of the programme
- Coordinate with the Council Medium Term Financial Plan and any agreed saving targets
- Ensure reviews deliver against their outcomes, KPI's, budgets, timescales and business benefits, as identified in their business cases, where possible
- Put in place an over-arching effective communications and engagement strategy, sharing key messages with employees, members and partners as required
- Ensure that programme leads are adequately supported in their work and held to account for the delivery of their responsibilities.

## 3.0 Roles and responsibilities

### 3.1 Chairman

- Effectively chair and facilitate Group meetings to ensure agenda is covered and all views actively sought and considered
- Commit to effective and efficient programme governance
- Encourage and facilitate open conversations that may at times be difficult, working towards consensus amongst all members

- Arbitrate when disagreements arise and seek resolution

### 3.4 Programme director

- Responsible for the success of the Transformation Programme, ensuring the Group remains focused on achieving its objectives and realising the expected benefits
- Track progress and monitor the delivery plan for the transformation programme
- Escalate concerns from the projects to the Transformation Steering Group
- Develop a programme risk register to align with the Corporate Risk Register
- Where concerns exist, e.g. a project is experiencing delays because of organisational blockers, step in to help resolve these or escalate to Transformation Steering Group depending on situation.
- Provide stability in the development, adoption and maintenance of the programme

### 3.3 Transformation theme chair

- Escalate concerns from the projects to the Transformation Steering Group in relation to their annual work programme.
- Track progress and monitor the delivery plan for their transformation theme
- Develop a theme risk register to align with the programme risk register

### 3.4 Group members

- Facilitate change and champion the programme to internal/external stakeholders
- Review papers, attend meetings and complete actions as agreed
- Seek to reach consensus opinions within the Group wherever practicable and consider matters from other perspectives, including the public and staff
- Promote partnership working to engender trust amongst board members and encourage creative and collaborative relationships to develop

## 4.0 Meetings

The Transformation Steering Group will meet once every six weeks.

Agenda and papers will be circulated at least three working days in advance of the meeting. Minutes and actions will be circulated within five working days after the meeting.

A standing agenda will be provided that will include discussion of the action log from the previous meeting, key decisions and new actions and the plan for resolution as well as updates on projects of work in each core theme in the Transformation & Business Change Plan.

Reports on progress will be submitted to the Leadership Team twice a year. [April & September]

Reports on progress will be submitted to Finance and Management Committee once a year. [April]

## 5.0 Governance

### 5.1 Corporate Governance

The progress of the Transformation Plan, as managed through the Transformation Steering Group, will be documented through the corporate performance framework established to govern the Corporate Plan. Specifically, a quarterly requirement to document progress against the following:

Theme:	Our Future
Sub Theme:	Transforming the Council
Objective:	Provide modern ways of working that support the Council to deliver services to meet changing needs.

There are several projects included in the Transformation & Business Change Plan that also have a direct requirement to update their progress as part of the management of the Corporate Plan, this will be down to the Chair of each Transformation theme to report via the appropriate corporate performance channel. The commitment of the Transformation Steering Group is to provide progress updates on the entirety of the programme.

### 5.2 Programme and Project Governance

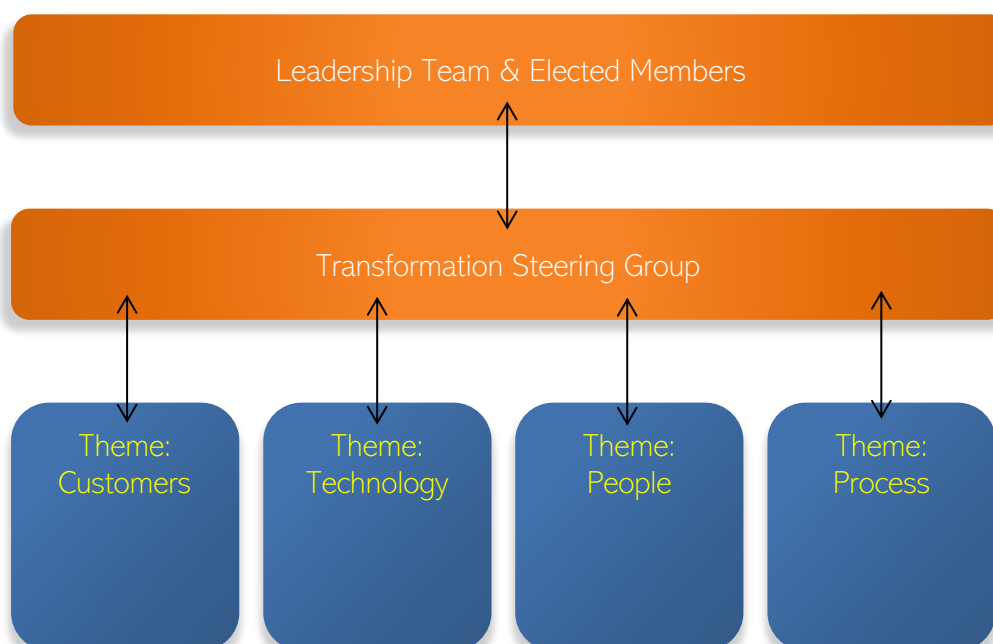
The Transformation & Business Change Plan imposes four building blocks to success, which have been documented and are referred to as transformation themes. A Chair of each theme has been appointed to manage its progress and provide representation at the Transformation Steering Group

Each theme has established a working group and will submit an annual work programme to the Transformation Steering Group in line with the Transformation Roadmap. Each Chair will ensure projects are operating to the corporate standard as defined in the Project Toolkit

### 5.3 Membership

Position	Role on Transformation Steering Group
Core Membership	
Strategic Director Corporate Services	Chair
Strategic Director Service Delivery	Deputy Chair, Group member
Head of Business Change, ICT & Digital	Programme director, Group member
Head of Customer Services	Group member, Chair of customers theme
Head of Organisation Development and Performance	Group member, Chair of people theme
Business Change Manager	Programme manager
Co-opted Membership	
Head of Finance	Co-opted member
Other Heads of Service, Project dependant	Co-opted member

### 5.4 Structure



## 6.0 Review

The Transformation Steering Group will meet for the duration of the current Transformation & Business Change Plan 2020-2024. The Terms of Reference will be kept under review and amended as necessary.

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**REPORT TO:** FINANCE AND MANAGEMENT **AGENDA ITEM:** 11

**DATE OF MEETING:** 19<sup>th</sup> MARCH 2020 **CATEGORY:** DELEGATED

**REPORT FROM:** CHIEF EXECUTIVE **OPEN**

**MEMBERS' CONTACT POINT:** Frank McArdle (01283 595 702) frank.mcardle@southderbyshire.gov.uk **DOC:**

**SUBJECT:** SPONSORSHIP

**WARD(S) AFFECTED:** AFFECTS THE DISTRICT AS A WHOLE **TERMS OF REFERENCE:** FM08

---

### 1.0 Recommendations

1.1 That the Committee approves the Sponsorship Guidance contained in Appendix A attached to this report.

### 2.0 Purpose of the Report

2.1 To provide the Committee with an update on sponsorship activities across the Council.

2.2 To seek approval for the Council's Sponsorship Guidance contained in Appendix A.

### 3.0 Background

3.1 To date, sponsorship and associated commercial advertising within the Council has been ad hoc. The Council does not currently have a protocol in place, and it is left to individual officers to negotiate sponsorship and commercial advertising agreements ensuring they are in line with corporate objectives, that they are fair and equitable, and not supporting private individuals or clubs.

3.2 Officers across the Council with the support of Heads of Service actively pursue income opportunities through sponsorship and associated commercial advertising for a number of projects and events as a way of generating revenue.

3.3 An exercise was undertaken in October 2019 across all Services to identify where commercial and voluntary sponsorship agreements already exist. The table below sets out some of the sponsorship received and awarded in the past 12 months.

Service Area	Project / Event	Name of sponsor(s) / advertiser	Amount Received
Environmental Education	Science education activities	Rolls-Royce plc	£20,000
Cultural Services	Roundabouts	A number of local businesses including ATL	£2,000

	Christmas trees	Local businesses including Great British Finance Limited and Timms Solicitors	£1,000
Sport & Health	Sports Awards	Various	£1,000 approx.
Economic Development & Growth	Skills Festival	Local businesses including IG Elements and St Modwen Homes	£3,000
	Jobs Fair	Musk Engineering	£1,000
Housing	Christmas Hamper	Ventro and Novus (contractors)	£1,100 approx.
		Active Nation (contractor)	£1,000 - £3,000 approx. (80 x 3-day leisure passes)

Service Area	Project / Event	Name of sponsor(s) / advertiser	Amount Awarded
Economic Development & Growth	East Staffordshire and South Derbyshire Business Awards		£2,500
	South Derbyshire Community Awards		£250
Leisure & Community Development	South Derbyshire Sports Awards		£250

3.4 The amounts of sponsorship can vary from year to year depending on whether companies and organisations decide to continue with sponsorship, or whether it is one-off.

#### 4.0 **Detail**

4.1 As part of the Council's Corporate Plan and Financial Strategy, one of the Council's key aims is to deliver a transformational Council, through sourcing appropriate commercial investment opportunities. This is in addition to generating and maximising external funding and other income streams, that provide modern ways of working to support the delivery of services to meet changing needs.

4.2 To ensure that sponsorship and associated commercial advertising activities entered into by the Council are undertaken consistently and in line with the agreed processes and procedures Sponsorship Guidance has been developed. This is attached at Appendix A.



## **5.0 Relevant Issues and Options**

- 5.1 The Sponsorship Guidance comprises the following;
- Document Purpose outlining the reason for the guidance and what it aims to achieve.
  - Definition of Sponsorship for the purpose of the guidance.
  - Guiding Principles outlining the general principles that companies will need to follow when undertaking sponsorship activities with the Council.
  - Procurement Guidance to support the process for decision making and the award of contracts.
  - Approvals and Agreements required as part of managing, monitoring and reviewing sponsorship ensuring proposals align with the Council's Corporate Plan.
  - Marketing and Media Relations outlining use of Council branding.
- 5.2 To ensure the guidance is followed, staff will be required to complete a checklist and risk assessment in accordance with the guiding principles for each individual sponsorship proposal prior to approval. All documentation will be available via the Council's Intranet.
- 5.3 In line with the guidance in Appendix A, Heads of Service will be tasked to explore and review opportunities for attracting sponsorship opportunities in respect of the Council's assets (including parks, open spaces and sports facilities, websites, pool cars and electric bikes) and services, for example, events.

## **6.0 Financial Implications**

- 6.1 Service Plans set out opportunities to contribute towards delivering a transformational Council, through generating and maximising external funding and other income streams to support delivery and to meet changing needs.
- 6.2 A dedicated account code will be created to record and identify sponsorship contributions and awards, for inclusion within a public register in line with Local Government Transparency Code 2015.

## **7.0 Corporate Plan Implications**

- 7.1 The Guidance will support the delivery of the Council's Corporate Plan 2020-2024 and the future priority of transforming the Council by sourcing appropriate commercial investment opportunities.

## **8.0 Employment Implications**

- 8.1 There are no specific employment implications associated with this report.

## **9.0 Legal Implications**

- 9.1 All sponsorship proposals should be developed and approved in line with the Guidance.
- 9.2 All Sponsorship Agreements must be referred to both Legal and Democratic Service and the Financial Service for review or where any queries relating to the potential appropriateness of the sponsoring company exist.

## **10.0 Risk Impact**

10.1 Associated risks will be mitigated through individual checks and a risk assessment for each sponsorship proposal.

## **11.0 Community Impact**

11.1 There are no specific community impacts associated with this report.

## **12.0 Consultation**

12.1 Consultation with the Senior Leadership Team and Heads of Service has taken place in developing the Guidance.

## **13.0 Equality and Diversity Impact**

13.1 Section 11 Agreements in the Sponsorship Guidance attached in Appendix A states that “sponsors should confirm they meet the Council’s standard on both ethical and equality policies”.

## **14.0 Social Value Impact**

14.1 There are no social value impacts associated with this report.

## **15.0 Environmental Sustainability**

15.1 There are no specific sustainability and climate change implications associated with this report.

## **16.0 Conclusions**

16.1 Introducing Sponsorship Guidance will allow the Council to take a consistent and corporate approach to both securing and providing sponsorship in the future. The Guidance will provide a clear framework and control measures, ensure compliance with legislation, industry codes and other Council policies and ensure best value for money.

## **17.0 Background Papers**

17.1 Appendix A – Sponsorship Guidance

# Sponsorship Guidance

January 2020

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## Version Control

Version	Description of version	Effective Date
V1.0	Guidance for seeking and securing sponsorship	

## Approvals

Approved by	Date

## Associated Documentation

Description of Documentation
Appendix A Important Terms



## 1.0 Introduction

1.1 This guidance document sets out the Council's definition of "sponsorship" and the terms upon which the sponsorship may be both sought and accepted by the Council.

## 2.0 Purpose

- 2.1 In order to enhance, vary or reduce the cost of current activities, the Council may enter into a sponsorship agreement. This may involve either the Council granting sponsorship to a third party in the form of some benefit, or the Council receiving sponsorship in the form of some benefit from a third party.
- 2.2 When granting sponsorship, the Council must also consider the provisions relating to granting financial assistance contained in the relevant legislation.
- 2.3 Sponsorship can be advantageous for all parties. The Council must ensure all sponsorship agreements do not compromise or question the integrity of the operations or services that are provided and must not adversely affect the reputation of the Council.
- 2.4 The primary consideration must be how any arrangements support the delivery of the Council's Corporate Plan.

## 3.0 Aims and Coverage of the Guidance

- 3.1 This Guidance outlines the principles and procedures for acceptance and granting of sponsorship proposals and is concerned primarily with:
- a) assessing risk and managing potential conflicts of interest
  - b) public accountability and transparency of decision making
  - c) financial management and benefits
  - d) ensuring strong governance and consistency
  - e) that any arrangements are subject to review and evaluation of their contribution towards the Corporate Plan and other shared aims

## 4.0 What is Sponsorship?

- 4.1 "Sponsorship" is defined as "a business relationship of mutual benefit involving the transference of funds, resources or services from the sponsor to the sponsored party in return for an association and a set of rights which are to the mutual satisfaction of both parties". Sponsorship is not philanthropic, and a sponsor will expect to receive a reciprocal benefit beyond a modest acknowledgement.
- 4.2 Sponsorship is a significant business activity and companies seek sponsorship opportunities for a variety of legitimate business reasons including:
- to raise the company's image and public profile;
  - to improve public/community relations and instil goodwill;
  - to show creativity and public spirit;
  - to generate public exposure and media coverage;
  - to differentiate the company from its competitors;
  - to increase profits/market share.



- 4.3 Association of a company's name with Council events or activities can be particularly attractive in terms of the opportunities for media coverage and as a display of public spirit. In some cases, sponsors' motives or the benefits the sponsor anticipates may be less apparent. Careful consideration should always be given to understanding what a sponsor might gain from the arrangement, their objectives and the resources that will be used (which can be something other than financial).
- 4.4 The Council encourages the involvement of the private and voluntary sectors in the sponsorship of Council activities wherever appropriate. Sponsorship can help promote the commercial potential of the Council's non-tangible assets, allowing more productive use of existing resources and, potentially, reducing the cost to the taxpayer of Council activities.
- 4.5 Sponsorship should not be confused with advertising which can be defined as "any paid form of non-personal presentation and promotion of ideas, goods or services by an identified organisation".

## 5.0 Principles

- 5.1 All sponsorship agreements will be in the form of a written agreement and comply with principles and procedures outlined in this guidance.
- 5.2 The Council must consider whether the granting of sponsorship may require consideration of relevant legislation as it may be deemed as 'financial assistance'.
- 5.3 Sponsorship agreements must include a statement that that the Council's functions will continue to be carried out fully and impartially, notwithstanding the existence of a sponsorship arrangement.
- 5.4 There should be no conflict between the vision and key aims of the Council and those of the sponsor.
- 5.5 The agreement will include a statement to the effect that any attempted influence of the Council's functions will result in an automatic review and/or termination of the sponsorship agreement.
- 5.6 Any consideration given to the establishment of sponsorship agreements shall have regard to the following principles:
- a) it is not perceived to influence or hinder how the Council operates;
  - b) it does not impose or imply conditions that would limit or appear to limit the Council's ability to carry out its functions fully or impartially;
  - c) it must not fetter its future decision-making powers in any way or the way in which any services are delivered to the public or to the sponsoring company in the future;
  - d) it does not compromise the reputation, constitution and credibility of the Council;
  - e) the sponsorship is aligned with the stated aims of the Council which includes the Council's image;
  - f) it is not viewed as product endorsement;
  - g) agreements will be terminated if conditions of this guidance are not met;
  - h) agreements are formed with regard to public accountability and transparency with clear statements of objectives and benefits achieved;
  - i) are subject to a shared review process that ensures that the sponsorship arrangement is meeting the agreed objectives and in line with these principles.



## 6.0 Risk Assessment

- 6.1 Each sponsorship proposal will be subject to a risk assessment. This includes:
- a) ensuring that the sponsorship benefits for the third party do not outweigh the level of sponsorship;
  - b) ensuring that the type or form of sponsorship is not inconsistent with the key aims or values of the Council (e.g. accepting free products simply because they are free but not of any perceivable benefit to the Council);
  - c) ensuring that any sponsorship proposal does not anticipate explicit endorsement of the sponsor or sponsor's products, as this form of proposal is not acceptable to the Council;
  - d) ensuring no conflict of interest arises from the sponsorship;
  - e) ensuring that the Council has sufficient capacity to meet the terms of the proposed agreement.
- 6.2 If the assessment concludes the risks are unacceptably high or the Council is receiving minimal value from the proposal, then no further consideration of the proposal will be made.
- 6.3 The Council should not accept sponsorship from parties subject to or likely to be subject to its regulation or inspection.
- 6.4 Every sponsorship proposal will be regularly assessed against the possibility of a conflict of interest and may be refused or terminated in any case where during the life of the sponsorship the sponsor:
- a) has a current development application or planning matter before the Council, or the Council is aware of the possibility of an application or matter coming before the Council in the near future;
  - b) is, or is likely to be, subject to regulation or inspection by the Council which may impose or imply conditions; and where the sponsorship may limit the Council's ability to carry out its functions fully and impartially.
- 6.5 In these circumstances, the reasons for accepting sponsorship must be clearly recorded by the approving officer. The agreement of sponsorship must clearly provide suitable provisions to deal with issue, which could include termination or suspension of the sponsorship agreement until the matter is resolved.
- 6.6 It is expected that any individual or organisation with a sponsorship agreement with the Council will disclose as part of the agreement if there is a current development application or planning matter relating to them, or if the individual or organisation is subject to regulation or inspection by the Council.

## 7.0 Council Granting Sponsorship

- 7.1 The Council can receive requests to 'sponsor' activities of an external party e.g. provide funding or resourcing of activities. In most cases, 'sponsorship' is actually a request for financial assistance or support. These requests must be assessed in accordance with the "Sponsorship Guidance".



## 8.0 Advertising for Sponsorship

- 8.1 It is accepted that the public interest is best served by the Council making sponsorship opportunities widely known through open tendering, although it is recognised that in certain circumstances this may prove impractical and requests for sponsorship may only be available by invitation.
- 8.2 Reference is to be made to the Council's Procurement Strategy and Framework which can be accessed at: [How to Buy and Supply](#) when determining the level of advertising required according to the monetary and/or benefits in kind to be raised. This will ensure that the Council is obtaining the best value from the sponsorship agreement. It is essential that these are followed and by way of summary only the following applies according to the value of the sponsorship agreement:

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

Above Threshold

Over OJEU threshold

Between £100,000 and the EU Services Threshold (currently £173,934) - at least four written tenders must be invited.

Over £173,934 – the European Directive applies and the Public Contract Regulations 2006 that implement them in the UK, with tenders to be invited in accordance with the European Directive and the Public Contract Regulations 2006.

- 8.3 Where a service area is looking to put in place a sponsorship agreement or undertake a sponsorship campaign and needs to undertake market analysis to identify suitable organisations to be invited to submit a quotation and tender in accordance with 8.2, then Commissioning and Procurement staff will be able to provide support and assistance during this process. This will include ensuring that the successful organisation is set up on the Council's corporate purchasing and payment system (AGRESSO).

## 9.0 Unsuitable Activities for Sponsorship

- 9.1 Without any limitation on the Council's ability to exercise its discretion, the Council does not consider the following companies, partnerships, organisations or individuals suitable for entering into sponsorship agreements with:
- Those involved in the manufacture, distribution and wholesaling of tobacco related products, alcohol, unhealthy food or lifestyles, weaponry, pornography and addictive drugs;
  - Those found guilty of illegal or improper conduct by any other legal authority;
  - Those which are involved in political fields [e.g. political parties];
  - Those whose services or products are considered to be injurious to health or are seen to conflict with the Council's policies and responsibilities to the community.



- 9.2 Offers of sponsorship or commercial advertising will not be accepted from any organisation that is in financial or legal dispute with the Council and the Council will show caution when accepting sponsorship where the organisation is:-
- a) in the process of a planning application
  - b) in the process of a tender application

This is not to be interpreted as preventing sponsorship from the District Council's regular suppliers or contractors.

## 10.0 Acceptable Types of Sponsorship

- 10.1 The Council can recognise its sponsors in a numbers of ways. The extent of such recognition is to be determined in relation to the level and nature of the sponsorship; and is subject to written agreement specifying the benefits, costs and shared outcomes.
- 10.2 Sponsorship recognition should be tasteful and discrete and must not create situations of potential embarrassment or criticism of the Council. Such forms of recognition can include, but are not limited to:
- a) appropriate signage;
  - b) media release acknowledging the role and contribution of the sponsor, invitations to selected Council functions, which may include hospitality, preferential seating, award presentation;
  - c) inclusion of sponsor's name and logo on Council publications and other external publications;
  - d) naming rights for an event, building etc. for the term of the sponsorship;
  - e) an award or trophy struck in the sponsor's name and publicly presented;
  - f) merchandising of goods at selected points of sale;
  - g) displays in Council buildings/facilities subject to approval in each individual case, in static displays or for an activity of the sponsor when not required for the Council's use;
  - h) an opportunity for the sponsor's name and/or logo to be promoted through appropriate general advertising by the Council;
  - i) annual print advertising campaign to acknowledge major sponsors.

## 11.0 Agreements

- 11.1 The Council's approved form of Sponsorship Agreement shall be used in all circumstances wherever possible. However, it is acknowledged there may be circumstances in which the sponsor may require its own form of agreement to be used. Notwithstanding this, every sponsorship agreement will require a written agreement incorporating conditions of contract which clearly set out:
- a) how the proposal meets the Council's Corporate Plan objectives and delivers against its priorities;
  - b) sponsors should confirm they meet the Council's standard on both ethical and equality policies
  - c) the benefits, including economic benefits available to the Council and the sponsor and the nature of the benefits e.g. naming rights;
  - d) any personal benefits available to the sponsor's employees and their relatives;
  - e) the form or forms of sponsorship acknowledgment which will be available;



- f) the scope and limitations of uses which the sponsor can make of the sponsorship arrangement;
  - g) the term of the sponsorship and any conditions regarding renewal;
  - h) consequences of change which may occur over time e.g. a shift in the relationship, new policies, new corporate values or aims;
  - i) financial accountability requirements;
  - j) an indemnity by the sponsor against all liability for personal injury and for loss or damage costs, claims and expenses however caused or incurred as a result of any act of negligence by the sponsor;
  - k) provision for termination or suspension of the agreement.
- 11.2 The agreement must include a statement that that the Council's functions will continue to be carried out fully and impartially, notwithstanding the existence of a sponsorship arrangement.

11.3 The agreement must include a statement to the effect that any attempted influence of the Council's regulatory functions will result in an automatic review and/or termination of the sponsorship agreement in accordance with 6.0.

## **12.0 Public Register**

12.1 All Sponsorship Agreements are to be listed in a publicly accessible sponsorship register.

## **13.0 Approval of Agreements**

13.1 All sponsorship agreements shall be approved by the relevant Head of Service in consultation with the Strategic Director of Corporate Resources.

13.2 Sponsorship Agreements must be referred to Legal and Financial Services for review prior to signing.

13.3 All potential sponsors must be referred to this guidance when making an application for any form of sponsorship arrangement.

## **14.0 Access to Guidance**

14.1 The Sponsorship Guidance is to be included in the Council's document register and placed on the Council's website.

## **15.0 Public Accountability/Reporting**

15.1 The Council is committed to principles of open government and public accountability, transparency and accessibility. To meet these objectives, the Council agrees that:

- a) sponsorship agreements will be in the form of a written agreement;
- b) the Council's Sponsorship Guidance is publicly available and listed on the Council's website;
- c) a public register of sponsorship agreements is maintained by the Head of Finance for the Council.

## **16.0 Marketing and Media Relations**

- 16.1 The Council's Communications team must be notified in advance and before the outset of all sponsorship agreements to be entered into by the Council.
- 16.2 Media relations for all sponsorship agreements are undertaken by the Council's Communications teams, unless otherwise agreed.
- 16.3 All media information produced by the sponsor must be approved by the Council's Communications team before publication and/or circulation.
- 16.4 The use of sponsors' logos and other branding must not interfere or conflict with the Council's own corporate branding guidelines and logos.
- 16.5 The use of the Council's corporate logos or other images associated with any of the Council's services on any sponsor's publicity must be approved in advance and in writing by the Council's Communications team to ensure they are in line with the branding guidelines.
- 16.6 Clear and documented arrangements must be in place that restrict the ongoing use of any Council logo or image beyond the stated purpose in the agreement. The Communications Team will be responsible for monitoring the use of logos and completing a formal review of all arrangements on an annual basis. This review will be completed in consultation with the appropriate service area.

## **17.0 Disclaimer**

- 17.1 Acceptance of advertising or sponsorship does not imply any endorsement of the sponsor's products or services by the Council.

## **18.0 Conflict of Interest**

- 18.1 Council officers and Elected Members are required to declare in advance if they have any personal interests, involvement or potential conflict of interest with any potential sponsor. In the event of a potential conflict of interest, that officer or member will take no part in the consideration of sponsorship with that particular organisation.
- 18.2 At all times the requirements of the Employee and Members Codes of Conduct must be observed, and advice requested from Human Resources and/or Legal Services should any potential areas of conflict arises.
- 18.3 If any inappropriate reasons or outcomes arise from any arrangements in place the matter must be raised immediately with the approving officer, Legal and Democratic Services and Organisational Development & Performance.
- 18.4 In addition a confidential report of malpractice or inappropriate arrangements can be reported using the Whistleblowing Policy and Procedure that is available on the intranet.

## **19.0 Guidance Review**

- 19.1 This guidance and associated documentation (check list, risk assessment, legal agreement templates) will be reviewed on an annual basis by the Head of Organisational Development & Performance for the Council.



## IMPORTANT TERMS

**Event sponsorship** - This involves the payment of a fee to the rights holder in return for promotional and branding benefits at an event (e.g. a sports event or conference).

**Licensing** - Licensing is a contractual arrangement between a third-party company (the licensee) and a Council department (the licensor), which allows the licensee to sell approved products carrying the licensor's branding into the retail market.

**Media sponsorship** - Sponsoring activity within specific media can be a good way of making messages accessible to your target audience. The audience will have an affinity with their chosen media and will trust the content of material used in the magazine, newspaper, website, radio station or TV programme.

**Advertiser-funded programming or branded content** - An advertiser-funded programme (AFP) is a television or radio programme that has received advertiser funding for its development or production. With a television AFP, the advertiser usually funds the production of the programme in return for sponsorship credits, off-air marketing, rights and content ownership. The advertiser cannot influence the content or scheduling in any way that affects the editorial independence of the broadcaster. It can be described as 'any means by which an advertiser can have a deeper relationship with programming product beyond traditional media activity'. The commissioning process for AFPs can be lengthy and there are no guarantees that the programme idea will make it on to television, radio or other media platforms. Best practice advice for developing cost-effective AFPs is to work with a specialist sponsorship agency that has relationships with broadcasters' commercial and commissioning departments.

**Radio promotions** - These are a specific form of branded content. They are interactive, competition based and usually short term. Radio promotions are placed within programming and are therefore perceived as station editorial rather than as commercial or advertising activity. Stations will publicise promotions within other radio programming, using live reads and pre-recorded trailers. They will also support the promotion through off-air activity, e.g. on station websites and through street marketing teams. AFPs and radio promotions are governed by the Ofcom Broadcast Code.

**Broadcast sponsorship** - This involves an advertiser buying branded idents surrounding a television or radio programme. It enables Council departments to communicate campaign messages via association with a specific television or radio programme or a collection of programmes.

Clear sponsor identification can provide effective cut-through within cluttered advertising breaks and can target messages at specific audiences. As regulated by Ofcom, sponsor identification must not contain advertising messages or direct calls to action. However, they can include a telephone number or web address without instructing the viewer to call the number or visit the website. Effectiveness of broadcast sponsorship is measured through viewing or listener figures for the programme as well as peaks in numbers of telephone calls or website hits in the period immediately after the programme (as well as ongoing during the campaign period).

**Digital sponsorship** - As penetration levels of digital access across the general public rise, so do the opportunities for advertisers to engage with their target audiences across various digital platforms. Online sponsorship can either run across an entire website or be limited to



specific content areas within a site. Evaluation can be monitored by way of exposure to unique users and by those interacting either directly or non-directly with the sponsorship opportunity. At present the digital arena is unregulated, but the Council will closely monitor developments on this and will comment as required. Digital sponsorship is not just confined to sponsorship within pages of websites, and, increasingly, opportunities to sponsor the likes of podcasts and IPTV (Internet Protocol Television) content will become available.

**Press sponsorship** - Press sponsorship is print advertising that is styled to look and feel like the house style of the publication in which it appears. This can take the form of advertorials, stand-alone supplements or sponsored editorial features. Press sponsorship is a good way of putting across a complicated message in an informative, interesting and innovative way. The media can be very targeted (e.g. regional press or ethnic media) or can reach a very wide audience (through national publications). Any call to action is easy to monitor, as an advertorial can be coded, and results analysed. PPA (Periodical Publishers Association) guidelines state that press sponsorship must be clearly marked as coming from a paid-for source.

**Product placement** - Product placement in a Council context involves the inclusion of a campaign within fictional or non-fictional media, e.g. a fire safety poster placed on the wall of a café in a major TV soap opera. Product placement can be difficult to achieve and involves lengthy negotiations with production companies and broadcasters, and again is regulated by Ofcom.



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<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 12</b>
<b>DATE OF MEETING:</b>	<b>19<sup>th</sup> MARCH 2020</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (EXT 5811)</b> <a href="mailto:kevin.stackhouse@southderbyshire.gov.uk">kevin.stackhouse@southderbyshire.gov.uk</a>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>COMMITTEE WORK PROGRAMME</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: G</b>

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## **1.0 Recommendations**

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

## **2.0 Purpose of Report**

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

## **3.0 Detail**

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

## **4.0 Financial Implications**

4.1 None arising directly from this report.

## **5.0 Background Papers**

5.1 Work Programme.

**Finance and Management Committee – 19<sup>th</sup> March 2020**  
**Work Programme for the Municipal Year 2019/20**

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



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



Update on the Council's Medium Term Financial Plan	10 October 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
The Local Authorities' Property Fund	10 October 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Corporate Plan 2016 to 2021: Performance Report for Quarter 2 2019/20	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Revenue Financial Monitoring 2019/20	28 November 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Capital Financial Monitoring 2019/20	28 November 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Treasury Management Update 2019/20	28 November 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Compliments, Complaints and Freedom Information Requests April to September 2019	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
A Review of Grants for Concurrent Functions	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)

Feasibility Study for re-opening the Burton to Leicester Railway Line	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Acquisition of 2 Right to Buy Properties	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Utilisation of the Better Care Fund	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Housing Allocations Policy and Homeless Service	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Restructure of Cultural and Community Services	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Restructure of Organisational Development and Performance	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)

Annual Accounts and Financial Statements 2018/19	28 November 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Service Base Budget Proposals 2020/21	9 January 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (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) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Council Tax Premium on Long Term Empty Properties	9 January 2020	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Final Budget Proposals 2020/21 and Financial Plan to 2025	13 February 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Treasury Management Strategy 2020/21 and Prudential Indicators	13 February 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Proposed Local Council Tax Reduction Scheme 2020/21	13 February 2020	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Capital Programme Budget to 2025	13 February 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)

Annual Report of the Section 151 Officer	13 February 2020	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbyshire.gov.uk">Kevin.stackhouse@southderbyshire.gov.uk</a> (01283 595811)
Corporate Performance Measures 2020 to 2024	13 February 2020	Fiona Pittam Head of Organisational Development <a href="mailto:Fiona.pittam@southderbyshire.gov.uk">Fiona.pittam@southderbyshire.gov.uk</a> (01283 595735)
Transfer of Housing Repairs Calls into Customer Services	13 February 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Domestic Abuse Procedure - Make A Stand Campaign	13 February 2020	David Clamp Head of Organisational Development <a href="mailto:David.clamp@southderbyshire.gov.uk">David.clamp@southderbyshire.gov.uk</a> (01283 595729)
Social Media Strategy	13 February 2020	Fiona Pittam Head of Organisational Development <a href="mailto:Fiona.pittam@southderbyshire.gov.uk">Fiona.pittam@southderbyshire.gov.uk</a> (01283 595735)
Structural Review: Cultural and Community Services (EXEMPT)	13 February 2020	Mary Bagley Head of Cultural and Community Services <a href="mailto:Mary.bagley@southderbyshire.gov.uk">Mary.bagley@southderbyshire.gov.uk</a>
Rosliston Forestry Centre - Procurement and Staffing Update (EXEMPT)	13 February 2020	Mary Bagley Head of Cultural and Community Services <a href="mailto:Mary.bagley@southderbyshire.gov.uk">Mary.bagley@southderbyshire.gov.uk</a> Malcolm Roseburgh Cultural Services Manager <a href="mailto:Malcolm.roseburgh@southderbyshire.gov.uk">Malcolm.roseburgh@southderbyshire.gov.uk</a> (01283 595774)

Review of Document Services Team (EXEMPT)	13 February 2020	Elizabeth Barton Head of Customer Services <a href="mailto:Elizabeth.barton@southderbyshire.gov.uk">Elizabeth.barton@southderbyshire.gov.uk</a> (01283 595779)
Debt Recovery and Debts submitted for Write-off (EXEMPT)	13 February 2020	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbyshire.gov.uk">Kevin.stackhouse@southderbyshire.gov.uk</a> (01283 595811)
Revenue Financial Monitoring 2019/20	19 March 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Capital Financial Monitoring 2019/20	19 March 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Treasury Management Update 2019/20	19 March 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Evaluation of Capital Projects	19 March 2020	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbyshire.gov.uk">Kevin.stackhouse@southderbyshire.gov.uk</a> (01283 595811)
Transformation and Business Change Programme 2020 to 2024	19 March 2020	Anthony Baxter (Head of Business Change and ICT) <a href="mailto:Anthony.baxter@southderbyshire.gov.uk">Anthony.baxter@southderbyshire.gov.uk</a> (01283 595712)
Sponsorship Policy and Guidance	19 March 2020	Mike Roylance (Head of Economic Development and Growth) <a href="mailto:Mike.roylance@southderbyshire.gov.uk">Mike.roylance@southderbyshire.gov.uk</a> (01283 595725)

Interim Booking System	30 April 2020	Elizabeth Barton (Head of Customer Services) <a href="mailto:Elizabeth.barton@southderbyshire.gov.uk">Elizabeth.barton@southderbyshire.gov.uk</a> (01283 595779)
Service Plans 2020/21	30 April 2020	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Local Council Tax Reduction Scheme: Proposals for Change 2021/22	30 April 2020	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)