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PUBLIC

To: Members of Audit Committee

Monday, 13 March 2023

Dear Councillor

Please attend a meeting of the **Audit Committee** to be held at **2.00 pm** on **Tuesday, 21 March 2023**;at **in the Council Chamber, County Hall, Matlock,** the agenda for which is set out below.

Yours faithfully

Helen E. Barrington

Helen Barrington
Director of Legal Services

A G E N D A

Part I - NON-EXEMPT ITEMS

1. Apologies for Absence

2. To receive declarations of interest (if any)

3. To confirm the minutes of the meeting held on 31 January 2023 (Pages 1 - 6)

4. To consider the reports of the External Auditors:

4 (a) Updated Audit Completion Report 2021/22 (Pages 7 - 44)

4 (b) Audit Planning Update 2022/23 (Pages 45 - 50)

4 (c) Audit Progress Report - Derbyshire Pension Fund (Pages 51 - 56)

5. Update on 2021-22 External Audit Internal Control Recommendations (Pages 57 - 64)

6. Accounting Policies (Pages 65 - 158)

7. Performance Monitoring and Budget Monitoring/Forecast Outturn 2022-23 as at Quarter 3 (31 December 2022) (Pages 159 - 298)

8. Performance and Budget Monitoring/Forecast Outturn Arrangements (Pages 299 - 326)

9. Tax Strategy (Pages 327 - 338)

10. Anti-Money Laundering Policy (Pages 339 - 372)

11. Annual Internal Audit Plan 2023-24 (Pages 373 - 400)

12. Corporate Risk Management Update (2022-23 Quarter 3) (Pages 401 - 468)

13. Exclusion of the Public

To move that under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that in view of the nature of the business, that if members of the public were present exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

<u>Part II - EXEMPT ITEMS</u>

14. Overview of Corporate Services and Transformation Risks (Pages 469 - 554)

PUBLIC

MINUTES of a meeting of the **AUDIT COMMITTEE** held on Tuesday, 31 January 2023 in the Council Chamber, County Hall, Matlock.

PRESENT

Councillor G Musson (in the Chair)

Councillors R Parkinson, N Atkin, N Gourlay, R Mihaly and J Nelson.

Officers present: D Ashcroft, P Davis, D Downs, J Lakin and P Stone (representing Derbyshire County Council) and M Nolan (representing Mazars) .

1/23 TO RECEIVE DECLARATIONS OF INTEREST (IF ANY)

There were no declarations of interest.

2/23 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 29 NOVEMBER 2022

The minutes of the meeting held on 29 November 2022 were confirmed as a correct record.

3/23 PERFORMANCE MONITORING AND BUDGET MONITORING/FORECAST OUTTURN

Members were provided with an update of the Council Plan performance and Revenue Budget/forecast outturn for 2022-23, as at 30 September 2022 (Quarter 2).

The Performance Summary set out the progress the Council was making on delivering the Council Plan with a focus on the achievement of the Council Plan priorities. The Revenue Budget Position and Financial Summary provided an overview of the Council’s overall budget position and forecast outturn.

A summary of each of the individual portfolio performance and outturn positions for 2022-23 was detailed in Appendices 4 to 11 of the report.

One particular area of concern for the Committee was the continued delay to the work to review how the Council delivered home to school transport for children with special education needs and the reasons behind these delays.

The final 2022-23 basic salary pay offer was equivalent to an average pay increase of 7.3% across the Council's workforce. Initial modelling had suggested that the cost to the Council of the basic pay offer was around £19.866m in 2022-23. The forecast additional 2022-23 budget pressure arising from the agreed 2021-22 pay award and the proposed 2022-23 pay award for basic pay was £21.762m. This would be an ongoing budget pressure in each subsequent year. The Council was lobbying the Department for Levelling Up, Housing and Communities, to reinforce the unaffordability in the medium term of the proposed local government 2022-23 pay award and general inflation on budgets.

RESOLVED:

That the Audit Committee notes:

a) The update of Council Plan performance and the Revenue Budget position/forecast outturn for 2022-23 as at 30 September 2022 (Quarter 2); and
b) The position on General and Earmarked Reserves.

4/23 TO CONSIDER THE REPORT OF THE EXTERNAL AUDITOR ON AUDIT PROGRESS

Mike Nolan from Mazars attended the meeting to provide the Committee with an update on progress.

The audit of the 2021-22 financial statements was virtually complete and Mazars were working with management to clear the small number of remaining queries.

CIPFA had now issued their guidance in relation to infrastructure assets, which were a material balance in the Council's financial statements. This was a national accounting issue which had previously been highlighted by Mazars. The Council's finance team was currently reviewing the updated guidance and updating the financial statements.

The formal Audit Strategy Memoranda for both audits will be presented to the next meeting of the Committee.

The Chairman thanked Mr Nolan for his attendance and progress report.

RESOLVED:

That the Audit Committee notes the report of the External Auditor.

5/23 CAPITAL BUDGET MONITORING AND FORECAST AS AT

QUARTER 2 2022-23

The Committee was informed of the latest Capital budget monitoring position as at 30 September 2022. The report included Cabinet approved schemes that had been active during this financial year, including schemes closed in year. The schemes had been approved over several previous years in addition to the current year.

The 2022-23 capital programme was £101.896m, approved adjustments to this figure had reduced it to £94.595m. The budget for schemes being monitored this year totalled £614.106m, of these, £605.105m were currently open schemes. There was a forecast underspend of £7.937m over the life of these projects and details were provided in Appendix 2 to the report. Details of major schemes within each portfolio were presented and a summary of the ten largest current capital schemes, representing 46% of the current budget was set out in Appendix 3 to the report.

RESOLVED:

That the Audit Committee notes the current position on the monitoring of Capital schemes.

6/23 AUDIT SERVICES UNIT – PROGRESS AGAINST AUDIT PLAN 2022-23

Members were informed of the progress against the approved Audit Services Plan for 2022-23 as at 31 December 2022.

Overall, the Unit's progress against the approved plan was generally on track with reasonable coverage across the core financial systems and departmental projects.

Whilst it had been envisaged to start at the end of 2022, the ICT network operations review had commenced and preparations were underway to agree the scope of the on-site server infrastructure audit. However, the Assistant Director of Finance (Audit) informed the Committee that the Unit had been requested to defer their work due to staffing issues within the ICT department. Members expressed their concern at this further delay in what was considered to be a high-risk area. As a Committee, it was agreed that this needed to be taken further and it was suggested that a meeting be arranged with the Executive Director – Corporate Services & Transformation and Director of ICT to discuss the delays and the issues within the ICT section.

Since the last meeting of the Committee, the Assistant Director of

Finance (Audit) had tendered her resignation and would be leaving the Council on 24 February 2023. Measures had been put in place to help minimise the impact of this departure by ensuring the two Audit Managers were briefed on the service requirements over the coming months.

In line with all service areas across the Council, Audit staffing levels were currently being reviewed as part of the budget saving process. There was continual dialogue with the Interim Director of Finance & ICT to ensure that a robust audit service was maintained, to enable sufficient Audit work to be undertaken to allow the Unit to produce an annual audit opinion in line with the PSIAS.

At 31 December 2022, a total of 1,996 productive days had been delivered against the pro-rata target of 2,079 days (total planned days for 2022-23 was 2,772).

RESOLVED:

That the Audit Committee notes the performance of the Audit Services Unit during this period.

7/23 REGULATION OF INVESTIGATORY POWERS ACT (RIPA)

The Committee had last received a RIPA update in July 2022. This latest report covered the period from 1 July to 31 December 2022 and set out details of the applications that had been made.

One application had been made in this period in respect of access to communications data. This request was submitted by Trading Standards and was a follow up amendment to assist with a live investigation that they were leading around counterfeit tobacco operations.

Two non-RIPA requests had been received for authorisation in this period and related to two separate internal investigations that had required access to Derbyshire County Council e-mail accounts to establish facts.

No applications had been received in this period in relation to directed surveillance.

The revised Codes of Practice of RIPA legislation had now been released by the UK Government Home Office and had been published on the Home Office webpages on 13 December 2022. Work had now started to update the Council Policy and guidance about RIPA to reflect these recent changes. Once the internal consultation had been completed, the final draft would then be brought to a subsequent Audit Committee for consideration. This would be followed by training for appropriate officers, and further awareness work to remind officers about RIPA.

RESOLVED:

That the Audit Committee notes that:

a) In the period 1 July 2022 to 31 December 2022 one application relating to communications data was made under the Council's powers relating to RIPA;
b) Two requests for access to internal e-mails had been approved to support internal investigations: these fell outside the scope of RIPA but were assessed in the spirit of the guidance and in accordance with current Council policy;
c) A review of the Council's RIPA Policy was in progress, following recent publication of revised Home Office guidance; and
d) Training and awareness activity will be programmed following the RIPA Policy refresh.

8/23 **<u>MEETING DATES AND AGENDA ITEMS FOR 2023-24</u>**

The proposed dates for Audit Committee meetings and likely agenda items for Members' consideration and/or approval were set out in a schedule at Appendix 2 to the report. These items were based on the existing business of the Committee. Member training proposals and any additional reports arising would be added to this schedule.

RESOLVED:

That the Audit Committee agrees the proposed programme for 2023-24 and the meeting dates as follows:

- 20 June 2023
- 18 July 2023
- 19 September 2023
- 5 December 2023
- 30 January 2024
- 19 March 2024

9/23 **<u>ASSISTANT DIRECTOR OF FINANCE (AUDIT)</u>**

As previously reported, this was to be Dianne Downs' last meeting of the Committee as she would be leaving the authority next month.

On behalf of the Committee, the Chairman wished to thank Mrs Downs for all her hard work and the contribution she had made, particularly to this Committee, during the short time she had been with the authority. The Chairman wished her all the very best for the future.

10/23 EXCLUSION OF THE PUBLIC

To move that under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that in view of the nature of the business, that if members of the public were present exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

11/23 TO RECEIVE DECLARATIONS OF INTEREST (IF ANY)

There were no declarations of interest.

12/23 TO CONFIRM THE EXEMPT MINUTES OF THE MEETING HELD ON 29 NOVEMBER 2022

The exempt minutes of the meeting held on 29 November 2022 were confirmed as a correct record.

The meeting finished at 3.19 pm

Audit Completion Report

Derbyshire County Council - Year ended 31 March 2022

March 2023

Contents

mazars

Audit Committee
Derbyshire County Council
County Hall
Matlock
DE4 3AG

Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

13 March 2023

Dear Committee Members

Audit Completion Report – Year ended 31 March 2022

We are pleased to present our final Audit Completion Report for the year ended 31 March 2022. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum dated 21 February 2022. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

The completion of the Audit has been delayed due to the national Infrastructure Accounting matter which we have brought to the Committee's attention in our previous reports, including our findings report to the Committee's November 2022 meeting. CIPFA has now issued its update to the Accounting Code of Practice 2021/22 and its supporting guidance, and DLUHC has confirmed the changes to its relevant Regulations. Our report confirms that a small number of changes have been agreed to the disclosures within the financial statements approved at the November 2022 meeting to comply with the requirements of the updated Code and the amended Regulations. We have identified in Section 2 of the Report the final remaining closure steps which will now be completed before we issue our audit opinion, including our normal consideration of any relevant Post Balance Sheet Events.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail, then please do not hesitate to contact me on Mark.Surridge@mazars.co.uk

Yours faithfully

Mark Surridge, Director

Mazars LLP

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2021/22 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report, we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Net defined benefit liability valuation; and
- Valuation of land and buildings.

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements.

Status and audit opinion

We reported our findings in respect of the audit of the financial statements for the year ended 31 March 2022 to the November 2022 Audit Committee meeting and the audit work is virtually complete. The few remaining procedures at the time of preparing this report are outlined in section 2. We will provide an update to you in relation to any of these matters through our normal follow up letter.

Subject to the satisfactory conclusion of these remaining steps we have the following conclusions:

Audit opinion
We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Value for Money
We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.

Whole of Government Accounts (WGA)
We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.

Wider powers
The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No such correspondence from electors has been received.

02

Section 02:

Status of the audit

2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Internal Quality Review	[Amber]	We are finalising our internal quality review procedures and with the Council ensuring that all appropriate and relevant changes are reflect in the final financial statements, including final review and clearance over the changes and disclosures relating to infrastructure assets
Completion procedures	[Amber]	Procedures such as our quality control, review for post balance sheet events, and management representations are ongoing, and will remain as such, through to the date of issuing the auditor's report.
Whole of Government Accounts	[Green]	We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.
Value for Money	[Green]	Our VFM work is substantially complete and we have not identified any significant weaknesses that require further work or reporting to members. Our commentary will be included within our Annual Auditor's Report.

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[Red] Likely to result in material adjustment or significant change to disclosures within the financial statements.

[Amber] Potential to result in material adjustment or significant change to disclosures within the financial statements.

[Green] Not considered likely to result in material adjustment or change to disclosures within the financial statements.

03

Section 03:

Audit approach

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £30.3m using a benchmark of 2% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors, is £32.1m using the same benchmark.

Use of experts

Information below was disclosed within our Audit Strategy Memorandum. No changes to our audit approach have been identified.

Item of account	Management's expert	Our expert
Property Plant and Equipment	Internal Valuer	None We have used third party evidence provided via the NAO to support our challenge of valuation assumptions.
Pensions	Hymans Robertson LLP Actuary for Derbyshire Pension Fund (LGPS)	PWC (Consulting actuary appointed by the NAO).
Financial Instrument disclosures	Arlingclose Limited Treasury management advisors	None.

04

Section 04:

Significant findings

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4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 15 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks

Management override of controls	**Description of the risk** This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.
Page 17	**How we addressed this risk** We addressed this risk through performing audit work over: • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	Audit observations Our considerations of estimates did not highlight any material concerns. We did not identify any significant transactions outside the normal course of business. We applied a combination of audit judgement and computer aided audit tools to analyse and perform tests over journal entries.
	Audit conclusion Our audit procedures have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members' attention in relation to management override of controls.

4. Significant findings

Defined benefit liability valuation (Local Government Pension Scheme)	The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area. Relevant Account Balances (taken from the 2021/22 financial statements): • Net Pension Liability – LGPS: £741m
	How we addressed this risk We addressed this risk by: • critically assessing the competency, objectivity and independence of the Pension Fund's Actuary; • liaising with the auditors of the Derbyshire Pension Fund to gain assurance that the controls in place at the Pension Fund are designed and implemented correctly. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; • reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuations. This included comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; and • agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.
	Audit Observations The Council's share of the LGPS pension fund net liability (being a deficit position) of £741m has decreased from £1,024m in the prior year as shown in Note 48 of the financial statements. The main movements being an increase in the value of pension assets from £2,393m to £2,560m; and a decrease in the value of pension liabilities from £3,418m to £3,301m. The Council has disclosed at Note 4 a Prior Period Adjustment relating to errors identified by the Pension Fund's Actuary in its 2019 actuarial valuation of the fund. As reported at page 15 we have discussed this with management and have no additional matters to report. A non-material £10.7m misstatement has been identified in relation to the movement on Local Government Pension Fund assets. Management do not propose to adjust the financial statements for this misstatement. Further details are in part 6 of this report.
	Audit conclusion Aside from this unadjusted non-material misstatement there are no further issues noted from our testing that need to be brought to the attention of Members.

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4. Significant findings

Valuation of land and buildings	**Description of the risk** Land and buildings assets are a significant balance on the council's balance sheet. The valuation of these properties is complex and is subject to a number of management assumptions and judgements. Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area. Relevant account balances (taken from the 2021/22 financial statements): • Land & Buildings (£1,227m - Note 14)
	How we addressed this risk We addressed this risk by: • critically assessing the scope of work, qualifications, objectivity and independence of the Council's valuer to carry out the required programme of revaluations; • considering whether the overall revaluation methodologies used by the Council's valuers were in line with industry practice, the CIPFA code of practice and the Council's accounting policies; • assessing whether valuation movements were in line with market expectations by considering valuation trends; • critically assessing the approach that the Council adopts to ensure that assets that are not subject to revaluation in 2021/22 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Councils valuers.
	Audit observations We have not identified any material errors or other matters to report from the work carried out to date.
	Audit conclusion We have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members' attention in relation to the valuation of land and buildings.

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4. Significant findings

Other key areas of management judgement and enhanced risks

Sinfin Waste Recycling	Description
	The long-term waste management contract between Derbyshire County Council, Derby City Council and Resource Recovery Solutions came to an end in 2019. Work is underway to determine the condition and capability of the currently non-operational treatment facility. The Council's management will need to make a judgement on how to account for the asset in 2021/22.
	How we addressed this risk
	We have continued to liaise with management regarding facility and considered the basis of the accounting judgement and the impact on the financial statements for 2021/22 including the adequacy of disclosures.
	Audit observations
	The facility has continued to be accounted for as an Asset Under Construction, which we are satisfied is appropriate. The notes to the accounts include relevant disclosures
	Audit conclusion
	There are no matters that we wish to bring to Members' attention in relation to management's judgements regarding the accounting for and disclosure of the facility.

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4. Significant findings

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

Draft accounts were received published by the Council by the 31 July 2022 deadline and were of a good quality.

Infrastructure Assets

Balance per draft accounts £380m

Accounting for infrastructure in local government has not historically been considered to be an area of significant audit risk, due to the inalienable nature of the assets and the use of a historical cost basis of accounting. However, concerns have been raised that some authorities are not applying component accounting requirements appropriately. The issue raised is in relation to the derecognition (removal of the carrying amount) of parts of infrastructure assets when replacement expenditure is undertaken. There are also related issues for the reporting of gross historical cost and accumulated depreciation. Infrastructure assets are one of the few categories of property, plant and equipment assets measured at historical cost.

Normal custom and practice for infrastructure assets is that derecognition does not affect asset balances because the assets are expected to have been fully used up before the replacement expenditure takes place; this does require that assets are properly depreciated in line with the requirements of the Accounting Code. This issue arises in part because of limitations on historical information relating to when the assets were first recorded on balance sheets in the early 1990s, and where there have been transfers of assets because of local authority reorganisations. It is also extremely difficult to clearly identify the parts of the assets which are being replaced.

CIPFA's temporary accounting solution (communicated through an updated to the 2021/22 Code of Accounting Practice and a supporting Guidance Bulletin), with a supporting statutory override through DLUHC's changed Regulations, was confirmed in January 2023. Management has now reviewed its accounting records and practices in this area in the light of the flexibilities available through the updated Code and Regulations. This included reviewing the Council's fixed asset register for infrastructure assets and determining whether suitable records were in place to support the balance, including compliance with relevant accounting standards. Following this review, the Council has opted to apply the statutory override, which in effect requires a change in accounting policy and change in the disclosures to the financial statements.

We have maintained ongoing dialogue regarding the approach taken by the Council and noted the proposal to adopt the temporary Code change and to apply the statutory override option provided by the amended Regulations. We have considered the potential implications on the financial statements and reviewed the disclosure changes made at Note 14 to the updated financial statements. Our work on this area is though subject to final quality control procedures.

Significant matters discussed with management

Significant matters discussed with management during our audit, and which had implications for out audit testing and reporting included:

- The on-going impact of Covid-19 on the Council's business, including any potential impact on risks of material misstatement;
- How the current financial market, has impacted the Council's budget setting process, and assumptions made within the financial statements, alongside the impact of future funding.
- Note 4 to the financial statements explains the background to the Prior Period Adjustment required following the Derbyshire Pension Fund Actuary's disclosure in 2021/22 of errors in its allocation of fund assets as part of the 2019 triennial actuarial valuation of the Fund. The errors, which affected the County and Derby City Councils, are material and required changes to all the primary statements as well as many supporting notes. Management raised the issue and the updated reports from the Actuary with us at an early stage, and we were able to discuss the actions required and review the proposed Note 4 and other changes to prior year figures before the draft financial statements were published. We have nothing further to report following our review of these entries as part of the detailed audit work.
- The County Council and Derby City Council are engaged in a project to develop a New Waste Treatment Facility (NWTF) in Sinfin, Derby. The facility was planned to open in 2017 and was being built, was being built on the Councils' behalf by a company set up in partnership between the construction firm building the plant and a waste management company. The Councils' contract with the partnership company was terminated on in August 2019, following the issuing of a legal notice by the banks funding the project. Management has kept us informed of the steps being taken to resolve this matter and there are relevant disclosures at Note 2 (Critical Judgements) and Note 51 (Contingent Liabilities) to the financial statements.

4. Significant findings

Going Concern

The Council's financial statements are prepared on the assumptions that it is a going concern and will continue its operations for the foreseeable future. International Auditing Standard ISA (UK) 570, requires auditors to 'obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern'.

Following the issue of Supplementary Guidance Note 1 (SGN1) by the National Audit Office, we have adopted a sector-specific approach to our work on going concern, which follows the principles of Practice Note 10 (PN10) and the guidance provided in SGN1. The SGN1 and PN10 make it clear that the auditor's focus for non-trading public sector bodies should be on the extent to which there are any indications that the services provided by an entity will cease or transfer outside of the public sector (termed the Continued Provision of Service approach ('CPoS')).

Modifications required to our audit report

We have not identified any matters from the audit work to date which require modifications to our audit report. Our updated draft audit report, which reflects the Council's proposed adoption of the CIPFA Accounting Code update and the amended Regulations, is set out in Appendix B.

Significant difficulties during the audit

During the course of the audit, we did not encounter any significant difficulties and we have had the full co-operation of management. We agreed with management to complete the audit in two separate visits and deferred the planned testing of land and buildings valuation until the second visit in September 2022. The completion of the remaining stages of the audit have also needed to be deferred until CIPFA and DLUHC had issued the updated guidance regarding accounting for Infrastructure assets. As reported at Section 2 this work is now virtually complete and there are no material issues to report at this stage.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2021/22 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

Audit fees

As set out in our Audit Strategy Memorandum, we identified the need for a variation to the published scale fee to take account of several matters. Upon finalization of our work, we shall agree the fee with management prior to reporting to the Audit Committee. At this point, we expect to record fee variations for:

- Additional work in relation to responding to increased regulatory challenge in auditing the IAS19 pension figures and the PPE figures contained within the financial statements;
- Additional testing as a result of the implementation of new auditing standards regarding accounting estimates;
- Additional work in relation to auditing the prior period adjustment;
- Additional work in relation to the changes required for infrastructure assets;
- Work undertaken in relation to VFM commentary.

05

Section 05:

Internal control recommendations

5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control, we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out on the following page. We have assigned priority rankings (as summarized in the table opposite) to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action.

In addition to the internal control recommendation identified in the current financial year (2021/22), we have considered the internal control recommendations reported in the prior year and included an update on progress made.

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	1
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0

5. Internal control recommendations

Identified deficiencies in internal control – Level 2

Description of deficiency

As part of our journals testing we checked if any unauthorised staff were posting journals. We identified 3 members of staff who were posting journals but were below Grade 10, which is the expected cut-off grade to be able to post journals. Further enquiries with management confirmed that these staff worked in the same team and, although not at the required grade, were experienced and knowledgeable of the specific operational area.

Potential effects

Weaknesses in controls over journal posting could increase the risk of errors in the financial statements.

Recommendation

Revisit the arrangements in place for the staff identified and ensure the Grade 10 requirement is being followed in other areas.

Management response

Management has decided to restrict journal posting rights to just 2 of the 3 staff identified and will continue to monitor. No other exceptions have been highlighted..

5. Internal control recommendations

Follow up on previous internal control points

Description of deficiency

Provisions

All provisions had initially been classified as non-current, but on investigation elements of the provision for exit packages and insurance fund provision were expected to be settled within one year of the balance sheet date. This error has been corrected in the final version of the financial statements.

Potential effects

Risk of error in relation to the disclosure made.

Recommendation

Management should review and strengthen its controls relating to the preparation of the provisions note.

Update 2021/22

No similar issues were identified during our 2021/22 audit testing.

Description of deficiency

Deferred income

During our testing of accounts payable, some long-standing non-material deferred income balances with NHS entities did not appear to have been recently reviewed to ensure that the income was either recognised appropriately at the year end or classified as a creditor.

As a result there was circa £1.1m of deferred income that was under review by the Council as it could be classified incorrectly. Based on the work performed, we highlighted an extrapolated £1.751m unadjusted misstatement in our Audit Completion Report.

Potential effects

Risk of error in relation to the disclosure made.

Recommendation

Management should review and strengthen its controls relating to the review of deferred income from NHS entities.

Update 2021/22

No similar issues were identified during our 2021/22 testing.

06

Section 06:

Summary of misstatements

Page 27

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit that we are required to report to you, There are no material adjustments to the draft financial statements.

Unadjusted Misstatements

The table below outlines the misstatements identified during the audit which are above the trivial threshold for adjustment of £962k and which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

Based on the work performed to date, we anticipate a further unadjusted misstatement in relation to infrastructure assets, however as we have not yet finalized the quality control review, we will provide an update at the Committee meeting and in our follow up letter.

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	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Cr (£'000)	Dr (£'000)	Cr (£'000)	Dr (£'000)
Dr: Other Long Term Liabilities (net Pension Liability)				10,753
Cr: Unusable Reserves (Pension Reserve)			10,753	
Our work at the Derbyshire Pension Fund indicated a difference between the valuation information supplied by the actuary (and used in Derbyshire County Council's accounts) and the updated valuations in the revised accounts of Derbyshire Pension Fund of £25.8m representing a 0.42% increase in the fund value. The Council's share of this increase is approximately £10.7m. This adjustment reflects a change in value based on updated information between estimates made by the actuary and the final year end assets performance. We are required to report this adjustment as it is above the trivial threshold. However, as this difference is below materiality and not reflected in a formal updated actuarial valuation repot the Council does not intend to update its accounts in this regard. In our view, this approach is reasonable, given that it does not have a material impact and would require significant additional work to amend the accounts.				

6. Summary of misstatements

Disclosure amendments

Based on our work undertaken, we have identified a small number of disclosure amendments to the accounts:

- Note 24 – to clarify the description of petty cash
- Note 31 – External Audit Costs – to correct the amounts recorded.
- Note 33 – Officers' Remuneration – to include clarification of the amounts paid.

A number of other disclosures have been amended in line with our internal quality review process to improve compliance with the Code of Accounting Practice, we do not judge these warrant itemisation and listing to the Audit Committee.

The Council has also processed changes to disclosures at Note 14 regarding accounting for infrastructure assets, which will be classed as an audit adjustment. Once we have concluded our internal quality review stage on these, we shall set these out in our follow up letter.

07

Section 07:

Value for Money

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7. Value for Money

Approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report in April 2023.

Status of our work

Based on the work completed to date in respect of the Council's arrangements for the year ended 31 March 2022, we have not identified any significant weaknesses in arrangements that have required us to make a recommendation. Our draft audit report at Appendix B confirms that we have no matters to report in respect of significant weaknesses. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

From:

Paul Stone
Interim Executive Director, Corporate Services and Transformation
Derbyshire County Council
County Hall
Matlock
Derbyshire
DE4 3AG

To:

Mr Mark Surridge
Director
Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

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Date: xx March 2023

Derbyshire County Council - audit for year ended 31 March 2022

This representation letter is provided in connection with your audit of the financial statements of Derbyshire County Council for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the statement of accounts give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the statement of accounts and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the statement of accounts in accordance with the Code.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the statement of accounts such as records, documentation and other material;

Appendix A: Draft management representation letter

- additional information that you have requested from me for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Executive Director, Corporate Services and Transformation, that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider them appropriate for the year.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated..

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date. There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with Code.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Appendix A: Draft management representation letter

Fraud and error

I acknowledge my responsibility as Executive Director, Corporate Services and Transformation for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the statement of accounts may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
  - - management and those charged with governance;
  - - employees who have significant roles in internal control; and
  - - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances (including sales, purchases, loans, transfers, leasing arrangements and guarantees) have been appropriately accounted for and disclosed in accordance with the requirements of the Code. I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

We have no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Appendix A: Draft management representation letter

War in Ukraine

We confirm that we have carried out an assessment of the on-going impact of the war in the Ukraine on the Council, including the impact of mitigation measures and uncertainties, and that the disclosures in the Statement of Accounts fairly reflects that assessment.

Going concern

I confirm that I have carried out an assessment of the potential impact of the COVID-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties and I am satisfied that the going concern assumption remains appropriate and that no material uncertainty has been identified.

To the best of my knowledge there is nothing to indicate that the Council will cease to continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative report

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements

I confirm that there are no unadjusted misstatements above the reporting threshold of £926k. I confirm the Audit Committee agrees with Management's proposal to not adjust for the non-material misstatements identified in Mazars' Audit Completion Report and included as an Appendix to this letter.

[PLEASE ATTACH AN APPENDIX SETTING OUT THE UNADJUSTED MISSTATEMENTS AS SET OUT IN SECTION 6 OF OUR AUDIT COMPLETION REPORT]

Yours sincerely

Executive Director, Corporate Services and Transformation

Date………………

Appendix B: Draft audit report

Independent auditor's report to the members of Derbyshire County Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Derbyshire County Council ("the Council") for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, Statement of Cash Flows, Movement in Reserves Statement and notes to the financial statements including a summary of significant accounting policies and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2022 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Code Update.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance and ICT's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance and ICT with respect to going concern are described in the relevant sections of this report.

- **Other information**

The Director of Finance and ICT is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance and ICT for the financial statements

As explained more fully in the Statement of the Section 151 Officer's Responsibilities, the Director of Finance and ICT as Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Director of Finance and ICT is also responsible for such internal control as the Director of Finance and ICT determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance and ICT is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Code Update and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance and ICT is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Appendix B: Draft audit report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Director of Finance and ICT's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Finance and ICT's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in September 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Appendix B: Draft audit report

Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2022.

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Council's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Derbyshire County Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack;
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Mark Surridge, Key Audit Partner
For and on behalf of Mazars LLP

Address

[Insert date]

Appendix C: Independence

As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent. The following non-PSAA work was reported in our Audit Strategy Memorandum document;

Fees for non-PSAA work

We have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work, we consider whether there are any actual, potential or perceived threats to our independence. None have been identified.

Area of work	2021/22 Fee	2020/21 Fee
Assurance services – Teachers Pensions Return	£4,200	£4,000

Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
External confirmations	We did not experience any issues with respect to obtaining external confirmations.
Related parties	We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that: a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	We have not identified any evidence to cause us to disagree with the Executive Director, Corporate Services and Transformation that Derbyshire County Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements. We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.

Appendix D: Other communications

Other communication	Response
Subsequent events	We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework. We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
Matters related to fraud	We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and Audit Committee, confirming that a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

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Mark Surridge, Key Audit Partner

Mazars

2 Chamberlain Square

Birmingham

B3 3AX

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*w here permitted under applicable country law s.

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Audit Planning Update 2022/23

Derbyshire County Council

Audit Committee March 2023

mazars

Purpose of this report

Our planning work for the 2022/23 audit year is in progress. We are liaising with the finance team and completing our normal procedures plus the enhanced procedures required this year by ISA315 (revised). This work will continue through March and April and we expect to present our final Audit Strategy Memorandum to the Audit Committee at its June 2023 meeting.

This report provides the Audit Committee's March 2023 meeting with an update on the conclusions and any significant matters arising to date from the 2022/23 audit planning.

Scope of the Audit and our responsibilities

The scope of our audit is unchanged engagement and is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/.

Our responsibilities continue to be are principally derived from the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office (NAO) as outlined below.

- Audit Opinion – giving an opinion on the 2022/23 Financial Statements
- Value for Money - forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources
- Electors' rights - The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom
- Reporting to the NAO - We report to the NAO on the consistency of the Council's financial statements and the matters arising from our audit which are relevant to the Council's Whole of Government Accounts (WGA) submission

Audit Engagement Team

Your audit engagement team continues to be lead by Mark Surridge (Director and Key Audit Partner) and Mike Norman (Senior Manager).

The Vikash Patel is taking over from Bethan Frudd as Assistant Manager on the audit and they are liaising with the finance team regarding any continuing audit issues.

Audit scope and responsibilities, Audit Engagement Team | Audit Approach and Timelines | Audit Reporting and Significant Audit Risks | Materiality, Value for Money and non-Audit Work

Audit Approach and timelline

Our audit approach is risk based; primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. The diagram below outlines the procedures we perform at the different stages of the audit and the indicative timeline at this stage based on the current national timetable. We will agree the specific timetable with the finance team and provide more details in our final Audit Strategy Memorandum.

There are no significant matters arising from the Planning and Interim visits to date to bring to the Committee's attention. We will present the agreed Audit Strategy Memorandum to a future meeting of the Committee.

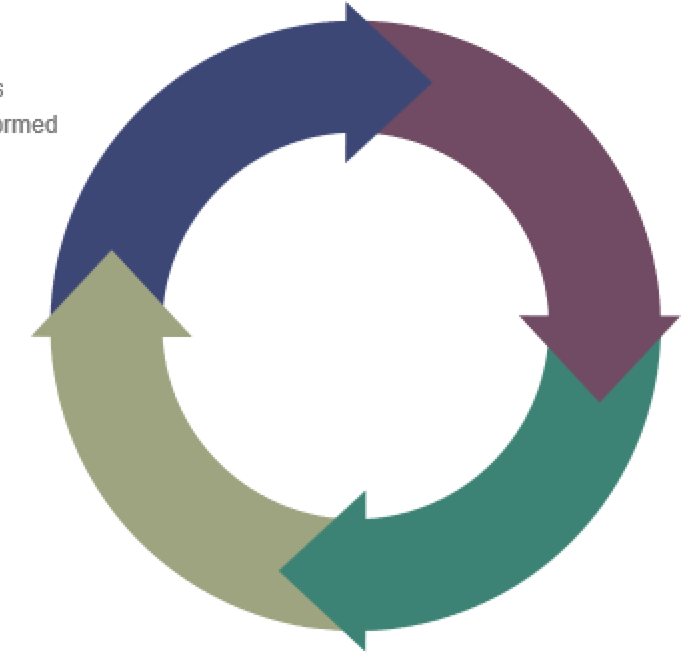
The completion of the 2021/22 audit was significantly delayed due to the late clarification by CIPFA and DLUHC of the national Infrastructure accounting issue which was reported in our 2021/22 Audit Completion Report. No change to these requirements is expected for 2022/23 so one of the objectives for this year is to complete the audit in line with the national timetable. We will keep the Committee informed as the audit progresses.

Planning February/March 2023

- Planning visit and developing our understanding of the Council
- Initial opinion and value for money risk assessments
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review
- Liaison with the Derbyshire Pension Fund audit team

Interim March/April 2023

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary
- Completion of our VFM risk assessment



Fieldwork July – October 2023

- Receiving and reviewing draft financial statements
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Reviewing the assurances provided by the Derbyshire Pension Fund audit team
- Communicating progress and issues
- Clearance meeting
- Further work on any identified VFM risks

Completion November/December 2023

- Final review and disclosure checklist of financial statements
- Final Engagement Lead review
- Agreeing content of letter of representation
- Reporting to the Audit Committee.
- Reviewing subsequent events
- Updating our VFM risk assessment
- Signing the auditor's report

Audit Reporting

Our main reporting outputs will continue to be:

- Audit Strategy Memorandum – summarising the outcomes from our audit planning and proposed response. We will also report the indicative audit fees for the year.
- Audit Completion Report – summarising the outcome of our main accounts audit and expected audit opinion.
- Audit Report – encompassing our Audit Opinion on the financial statements and other required information.
- Auditor's Annual Report – including our Value for Money Commentary. We will also report the final audit fees for the year.
- Audit Certificate – formally closing the audit

Significant Audit Risks

From the planning work so far we expect the significant audit risks to be similar to those identified for 2021/22. We will keep our risk assessment up to date and inform the Committee if there are any changes to these risks, and report our findings in relation to the risks in our Audit Completion Report.

Significant Audit Risk	Description	Identified previous year?
Management override of controls	This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.	Yes
Property Valuation	Property related assets are a significant balance on the council's balance sheet. The valuation of these properties is complex and is subject to a number of management assumptions and judgements.	Yes
Valuation of net defined benefit liability	The Council's accounts contain material liabilities relating to the local government pension scheme. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.	Yes

Materiality

We expect to again set materiality based on a benchmark of the Comprehensive Income and Expenditure Statement (CIES) total gross expenditure. We will identify a figure for materiality but identify separate levels for procedures design to detect individual errors, and also a level above which all identified errors will be reported to the Audit Committee. We do not expect to alter these thresholds compared to the previous year and plan to base them on the following levels:

Threshold	Expected level	Likely value based on latest audited benchmark (2021/22 CIES total Gross Expenditure)
Overall materiality	1.5% of benchmark	£32.1m
Performance materiality	75% of overall materiality	£24.0m
Specific materiality: • Officers' remuneration	£5k	£5k
Trivial threshold for errors to be reported to the audit committee	3% of overall materiality	£0.9m

Value for Money Work

We have not identified any specific significant concerns from the value for money risk assessment to date and there are no risks of significant weaknesses in arrangements to bring to the Committee's attention at this stage. We will keep our assessment up to date and report any changes through our progress reports to the Committee.

The scope of the assessment is unchanged through the latest NAO guidance and the work carried out in 2021/22, helped by the updated supporting evidence from management, provides a good platform for the 2022/23 assessment. We are continuing to carry out desk top procedures to update our assessment and will report any matters arising if required. The Financial Stability theme is as expected an area where at all Councils we will need to continue to keep our assessment up to date, given amongst other things the continuing uncertainty over future funding and cost pressures.

Non-Audit Work

We expect to again agree a separate engagement for the Reporting Accountant's Report on the Teachers Pensions return (2022/23). We are satisfied there are appropriate safeguards in place regarding any threats to our independence in relation to this and our core audit work.

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Audit Progress Report

Derbyshire Pension Fund

March 2023

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01

Section 01:

Audit Progress

1. Audit Progress

This report sets out progress on the external audits for 2021/22 and 2022/23.

2021/22 Audit

Our work on the 2021/22 audit is complete apart from our final checks on the version of the accounts that we will be giving our opinion on. As reported in our Audit Completion Report we anticipate issuing an unqualified opinion, without modification, on the financial statements. We also anticipate concluding that the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of Derbyshire County Council. We will be giving our opinion alongside the opinion given on the Council's main accounts where the final elements of our audit are currently being completed.

2022/23 Audit

We have commenced our planning work for the 2022/23 audit year. We are liaising with the finance team and completing our normal procedures plus those required by ISA315 (revised) through March and April. We expect to present our Audit Strategy Memorandum (ASM) to the Audit Committee meeting on 20 June 2023. On the following page we set out our initial provisional timetable for our work on the financial statements. We will agree the specific timetable with the finance team as part of our audit planning discussions. We have set out below some initial thoughts and expectations based on our initial planning work.

Materiality

At this stage of our planning work we envisage materiality being broadly in line with the level we used in our 2021/22 audit work. We therefore expect to set a similar materiality threshold at 1% of net assets for 2022/23. Our initial assessment of performance materiality is that it will also be at the same level as 2021/22, i.e. 75% of overall materiality. We also intend setting a provisional specific materiality for the fund account using a benchmark of the higher of 10% of contributions receivable and 10% of benefits payable as we did for 2021/22. Should any circumstances arise as we finalise our planning that mean we revise these initial views we will report these in our ASM.

Identified risks

As previously mentioned we have not yet completed our planning work, however the previous year's risks (management override of controls and valuation of investments within level 3 of the fair value hierarchy) are likely to apply equally this year.

1. Audit Progress

Financial statements audit 2022/23

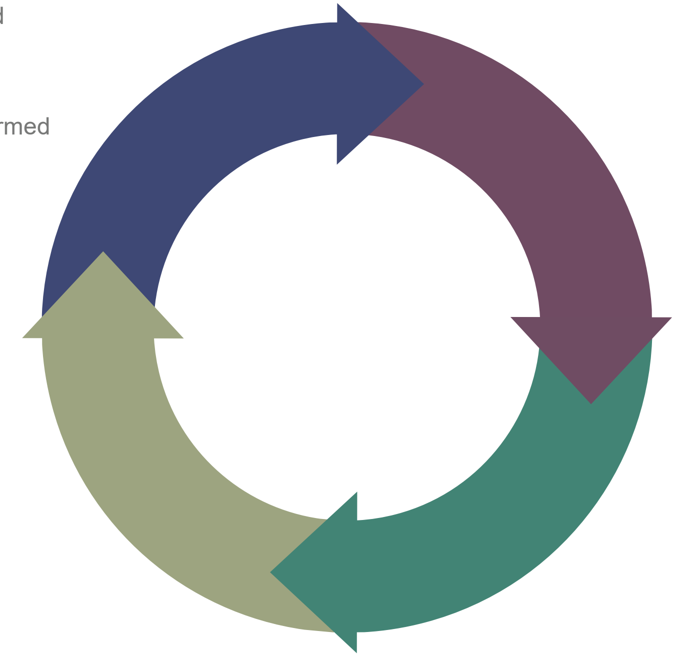
We intend to bring our Audit Strategy Memorandum to the Audit Committee meeting in June 2023. The timeline for the 2022/23 audit is set out below. We will update the Committee if these deadlines change over the course of the year.

Planning February - March

- Planning work and developing our understanding of the Pension Fund
- Initial opinion assessment
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review

Interim March - May

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary



Completion November - December

- Final review and disclosure checklist of financial statements
- ATS review of final financial statements
- Final partner review
- Agreeing the content of the letter of representation
- Reporting to the Audit Committee
- Reviewing subsequent events
- Signing the auditor's reports

Fieldwork July - October

- Receiving and reviewing draft financial statements
- Accounting Technical Services (ATS) review of draft financial statements
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Communicating progress and issues
- Clearance meeting

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DERBYSHIRE County Council

Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 March 2023

Report of the Interim Director of Finance & ICT

Update on 2021-22 External Audit Internal Control Recommendations

1. Purpose

1.1 To provide Audit Committee with an update of the actions taken in response to the internal control recommendations outlined in the external auditor's Audit Findings Progress and Completion Reports for 2021-22.

2. Information and Analysis

2.1 The external auditor presented its 2021-22 Audit Findings Progress Report for Derbyshire County Council at the Audit Committee meeting on 29 November 2022.

2.2 One internal control recommendation was raised in respect of the external auditor's audit of the Council's Accounts in its 2021-22 Audit Findings Progress Report. This recommendation has a 'medium priority' ranking, which in the view of the external auditor means that 'there is a need to strengthen internal control or enhance business efficiency and the recommendation should be actioned in the near future'. This is a similar position to that reported in 2020-21, when two recommendations were raised in respect of the Council's Accounts, both with a 'low priority' ranking, which in the view of the external auditor means that 'internal controls should be strengthened when practicable'.

2.3 Receiving a small number of internal control recommendations, again with no recommendations with a 'high priority' ranking, is a positive indication of the continued effectiveness of the Council's internal controls.

2.4 Below is a summary and progress update in respect of the 2021-22 internal control recommendation:

- **Controls in place with regard to journals posting –** Three members of staff below Grade 10, which is the expected cut-off grade to be able to post journals, were identified as posting journals. These staff members all work in an accountancy team with responsibility for a particular operational area. The Council confirmed that these staff members were experienced and knowledgeable of the specific operational area and that this was a considered and permitted exception. The Council has since reduced the number of staff below Grade 10 permitted to post journals in respect of this operational area from three to two (both Grade 9) and this continues to be monitored.

  Further, the Council's Journal Policy does not mention a specific staff Grade below which journals should not be posted, rather it states that the ability to enter and adjust postings will be limited to a small number of individuals, with an appropriate access level for their grade, and that access to post journals will only be granted to officers nominated by the departmental finance managers, with this list of officers being reviewed on an annual basis prior to financial year-end to ensure the users are appropriate for the needs of the business. The Council has reviewed current arrangements in place and can confirm that this requirement is being followed.

2.5 A detailed update on the actions taken is attached at Appendix Two to this report.

2.6 The external auditor again raised no internal control recommendations in its Completion Report in respect of their audit of the 2021-22 Derbyshire Pension Fund Accounts, consistent with the position reported in respect of the 2020-21 audit. This is testament to the strength of the Derbyshire Pension Fund's internal controls.

3. Consultation

3.1 No consultation is required.

4. Alternative Options Considered

4.1 Not Applicable – It is prudent and responsible practice for progress on external audit's internal control recommendations for the previous year to be reported to Audit Committee. If low/medium priority control recommendations are not reviewed and acted upon then they would be re-reported by external audit in the following year, and the Council's internal controls would not be as effective as they could be in their design or operation. Although there are none, if any high priority internal control recommendations were not immediately acted upon then there would be potential for financial loss, damage to reputation or loss of information, which may have implications for the achievement of the Council's business strategic objectives.

5. Implications

5.1 Appendix One sets out the relevant implications considered in the preparation of the report.

6. Background Papers

6.1 No papers held.

7. Appendices

7.1 Appendix One – Implications.

7.2 Appendix Two – Update on External Audit Internal Control Recommendations.

8. Recommendation

That Audit Committee:

8.1 Notes the actions taken in response to the recommendations outlined in the external auditor's Audit Findings Progress and Completion Reports for 2021-22.

9. Reasons for Recommendations

9.1 It is prudent and responsible practice for progress on external audit's internal control recommendations for the previous year to be reported to Audit Committee.

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Implications

Financial

1.1 No high priority internal control recommendations were identified in the external auditor's Audit Findings Progress and Completion Reports for 2021-22. Such high priority recommendations, if not immediately acted upon, could result in financial loss, damage to reputation or loss of information, which could have implications for the achievement of the Council's business strategic objectives. The only internal control recommendation identified for the Council had a medium priority ranking, which in the view of the external auditor means that 'there is a need to strengthen internal control or enhance business efficiency and the recommendation should be actioned in the near future'. The recommendation has been satisfactorily addressed and is reported on in summary at paragraph 4.4, and in detail at Appendix Two. No internal control recommendations were raised for the Derbyshire Pension Fund.

Legal

2.1 None.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 The Council is committed to ensuring good financial management and compliance with applicable laws and regulations.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.

Update on External Audit 2021-22 Internal Control Recommendations

Recommendation	Update
Derbyshire County Council **Controls in place with regard to journal posting** Ranking – Medium Priority Three members of staff were posting journals below Grade 10, which is the expected cut-off grade to be able to post journals. Further enquiries with management confirmed that these staff worked in the same team and although not at the required grade, were experienced and knowledgeable of the specific operational area. Management should review the arrangements in place for the staff identified and ensure that the Grade 10 requirement is being followed in other areas.	The Council's Journal Policy does not mention a specific staff Grade below which journals should not be posted, rather it states that the ability to enter and adjust postings will be limited to a small number of individuals, with an appropriate access level for their grade, and that access to post journals will only be granted to officers nominated by their departmental finance managers (senior finance business partners or equivalent), with this list of officers being reviewed on an annual basis prior to financial year-end to ensure the users are appropriate for the needs of the business. The Council has confirmed that the staff members identified by external audit as being below Grade 10 and posting journals in Corporate Services and Transformation property accountancy were experienced and knowledgeable of the specific operational area, and that these were considered and permitted instances of journal approval. The Corporate Services and Transformation Senior Finance Business Partner has confirmed that these staff members know the system and perform all the appropriate checks. However, the Council has decided to reduce the number of staff below Grade 10 permitted to post journals in respect of this operational area from three to two (both Grade 9) and this has been communicated and will continue to be monitored. The Council has reviewed current arrangements in place, taking journal postings below Grade 10 in 2022-23 as a starting point for review (as it is considered that journal posting at Grade 10 or above is a general requirement of a finance role), and has confirmed by discussion with the relevant teams' finance managers that the Journal Policy requirement that these users posting journals are appropriate for the needs of the business is being followed. In summary, there are two operational areas where staff below Grade 10 are nominated and permitted by the relevant finance managers to post journals – these are in Corporate Services and Transformation property accountancy (as referred to in detail above) and in Exchequer Financial Services.

Page 63	The Head of Exchequer Financial Services has noted that there is only one permanent Grade 10 within the teams involved in approving and posting the majority of journals in the section, and given large transactional volumes, primarily associated with the clearing of bank statements, it would be impossible and ineffective for that one Grade 10 to deal with all these. Team members below Grade 10 are therefore authorised and required to approve and post journals in these teams as part of their roles. This journal posting structure is in line with the Journal Policy, having been reviewed and approved at the appropriate level. Posting journals is reflected in the evaluation for the accountability and responsibility of the majority Grade 8 roles in these teams. Moving forward, it has been decided that procedures will be strengthened, with only staff members of Grade 8 and above approving journals. Any Grade 6 identified postings will be reviewed and confirmed by a Grade 8 member of staff. This change will be communicated to staff. Further reassurance is gained from the sample checking of postings during annual internal audit reviews, with the section consistently achieving substantial assurance results. In addition to the above, the review identified a further three staff at schools or colleges of Grade 8 or Grade 9 who have posted journals. One of these staff members posted journals on two occasions only. The other two posted journals fewer than 25 times but have now left these jobs. It is considered that no further action is required in respect of these isolated instances, which are considered unlikely to recur.

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FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 March 2023

Report of the Interim Director of Finance & ICT

Accounting Policies

1. Purpose

1.1 To provide Members with amendments to the Accounting Policies for 2022-23 and with the proposed Accounting Policies for 2023-24.

2. Information and Analysis

2.1 Accounting policies are the conventions and practices applied by the Council in preparing its financial statements.

2022-23 Accounting Policies

2.2 Infrastructure Assets include all tangible (physical) assets required within the Council's road networks. Accounting for subsequent expenditure on Infrastructure Assets, and specifically whether local authorities should be assessing if there is any undepreciated cost remaining in the balance sheet for the replaced components that need to be derecognised, has recently been subject to heightened audit focus. This may also lead to issues relating to the reporting of gross historical cost and accumulated depreciation (depreciated historical cost). As a result, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Local Authority Accounting Code Board (CIPFA LASAAC) have issued an Update to the Code and Specifications for Future Codes for Infrastructure Assets, which includes from 1 April 2021 to 31 March 2025, a temporary relief not to report gross cost and accumulated depreciation for Infrastructure Assets.

Included in the guidance in the CIPFA Bulletin issued on 11 January 2023 is the recommendation that an authority's accounting policies clearly set out how the authority is accounting for Infrastructure Assets and should include commentary on statutory prescriptions (if applied) and depreciation.

2.3 The Government has also issued statutory provisions which will allow local authorities to follow an accounting treatment for Infrastructure Assets which supports the assumption that derecognition of the carrying amount is zero although they do also allow authorities to follow the existing requirements of the Code.

2.4 The external audit opinion, in respect of the Council's Statement of Accounts 2021-22, has been deferred whilst awaiting the outcome of these updates to the guidance and provisions. This has resulted in a delay to the Council publishing its audited 2021-22 Statement of Accounts.

2.5 Thought is being given as to what amendments may be required to the Council's 2021-22 and 2022-23 Accounting Policies, having considered these changes to the Code, the new statutory instrument, and the updated guidance.

2.6 The new accounting standard IFRS 16 Leases had a scheduled implementation date of 1 April 2022 for the UK Public Sector.

2.7 In April 2022, CIPFA LASAAC announced its formal decision to defer the implementation of IFRS 16 until 1 April 2024 (and therefore in the 2024-25 Code). However, both the 2022-23 and the 2023-24 Codes will allow for adoption as of 1 April 2022 or 1 April 2023, respectively.

2.8 Implementation of IFRS 16 requires specialist software to manage, record, calculate and process the bookkeeping entries needed to correctly reflect the lease liability and right-of-use asset value and to provide the required disclosure information. The preferred software solution is an additional module to the Council's existing core financial system, SAP, as this aligns with the software non-proliferation (Simplify) aspect of the ICT Strategy. Implementation of this module is dependent on the upgrade to SAP S/4 HANA having taken place. The upgrade to S/4 HANA is currently scheduled to be implemented later this year.

2.9 In light of the anticipated date of the SAP upgrade and to allow adequate time for implementation of the new standard, the Council is expected to adopt IFRS 16 with a transition date of 1 April 2024.

2.10 Around 150 contracts which contain leases relating to land and buildings have been identified to date, including where the Council is holding over on a lease after the term has expired. A significant number of these contracts require a valuation for the property right-of-use assets. Due to current resource constraints in the Estates valuation team, it is now anticipated that this work will need to be outsourced to a suitable chartered surveying practice.

2.11 On 22 March 2022, Audit Committee approved the proposed Accounting Policies for the 2022-23 financial year. The updated 2022-23 Accounting Policies reflect the removal of the IFRS 16 Leases updates, which were previously approved by Members, and the reinstatement of the existing lease accounting standards and interpretations: IAS 17, IFRIC 4, SIC 12 and SIC 27.

2.12 The updated 2022-23 Accounting Policies are attached at Appendix Two. Any further proposed amendments will be reported to Audit Committee in due course.

2022-23 Accounting Policies

2.13 Appendix Three includes the proposed 2023-24 Accounting Policies. No changes have been made to the 2022-23 Accounting Policies. Additional technical guidance is likely to be received and it is possible that this will also impact on the 2023-24 accounting policies. Any further proposed amendments will be reported to Audit Committee in due course.

3. Alternative Options Considered

3.1 Not Applicable – The CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires authorities to select accounting policies in accordance with IAS 8 Accounting Policies.

4. Implications

4.1 Appendix One sets out the relevant implications considered in the preparation of the report.

5. Consultation

5.1 No consultation is required.

6. Background Papers

6.1 CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022-23

6.2 CIPFA Bulletin 12 Accounting for Infrastructure Assets Temporary Solution: https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-12-accounting-for-infrastructure-assets-temporary-solution

6.3 CIPFA updated statement on the deferral of IFRS 16 Leases: https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/updated-statement-on-the-deferral-of-ifrs-16-leases

7. Appendices

7.1 Appendix One – Implications.

7.2 Appendix Two – Updated 2022-23 Accounting Policies.

7.3 Appendix Three – Proposed 2023-24 Accounting Policies.

8. Recommendations

That Audit Committee:

8.1 Notes that changes may be required to the Accounting Policies for 2021-22 and subsequent years in respect of Infrastructure Assets;

8.2 Approves the changes outlined above in relation to the Accounting Policies for 2022-23; and

8.3 Approves the changes outlined above in relation to the Accounting Policies for 2023-24.

9. Reasons for Recommendations

9.1 Updated guidance on accounting for Infrastructure Assets in the CIPFA Bulletin issued on 11 January 2023. Changes may be required to support the external auditor’s ability to issue an opinion on the accounts.

9.2 The changes reflect the deferral of the implementation of IFRS 16 Leases until 1 April 2024.

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Appendix One

Implications

Financial

1.1 The updated 2022-23 Accounting Policies reflect the removal of IFRS 16 Leases updates, which were previously approved by Members, and the reinstatement of the existing lease accounting standards and interpretations. This follows the deferral of the implementation of IFRS 16 until 1 April 2024.

1.2 Further amendments to the Council's 2021-22 and 2022-23 Accounting Policies may be required having considered the changes to the Code, the new statutory instrument, and the updated guidance relating to replacement/renewal expenditure on Infrastructure Assets.

Legal

2.1 The Chief Financial Officer (S151 Officer) is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

2.2 In preparing this statement of accounts, the Chief Financial Officer must select suitable accounting policies and then apply them consistently.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 None.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.

Public

Statement of Accounting Policies

For the Year Commencing 1 April 2022

Version History			
Version	**Date**	**Detail**	**Author**
0.01	24 02 2023	Current Post-Audit Accounts Accounting Policies 2021-22 (updated Accounting Policies reported to Audit Cttee for 2021-22 in March 22 – accounts not yet signed)	S Holmes
0.02	To 02 03 2023	Further review by Capital and Financial Strategy Sections	W Round S Holmes
1.0		Review by Finance Manager and Interim Director of Finance and ICT	E Scriven P Stone

This document has been prepared using the following ISO27001:2013 standard controls as reference:	
ISO Control	**Description**
A.8.2	Information classification
A.7.2.2	Information security awareness, education and training
A.18.1.1	Identification of applicable legislation and contractual requirements
A.18.1.3	Protection of records
A.18.1.4	Privacy and protection of personally identifiable information

ACCOUNTING POLICIES

INTRODUCTION

The Accounting Policies for Derbyshire County Council (the Council) have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code for Local Authority Accounting (the Code). Where there is no specific guidance in the Code, the Council has developed its own accounting policy which is aimed at creating information which is:

- Relevant to the decision-making needs of users; and
- Reliable, in that the financial statements:
    - Represent fairly the financial position, financial performance and cash flows of the entity;
    - Reflect the economic substance of transactions, other events and conditions and not merely the legal form;
    - Are neutral i.e. free from bias;
    - Are prudent; and
    - Are complete in all material respects.

This document outlines how the Council will account for all income, expenditure, assets and liabilities held and incurred during the financial year.

The accounting policies of the Council are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the authority's accounts.

The Accounting Policies of the Council as far as possible have been developed to ensure that the accounts of the Council are understandable, relevant, free from material error or misstatement, reliable and comparable. A Glossary of Terms can be found at the end of this document.

The document has been divided into four distinct categories which are Accounting Principles, Capital Accounting, Revenue Accounting and Treasury Management, with each policy being assigned a policy number.

ACCOUNTING PRINCIPLES

1.1. Going Concern

The Council prepares its accounts on the basis that it remains a going concern; that is that there is the assumption that the functions of the Council will continue in operational existence. In the case of a pending local government reorganisation, where assets and liabilities are due to be redistributed, the Council would still account on the basis of going concern as the provision of services would continue in another Council.

1.2. Accruals Concept

The Council accounts for income and expenditure in the period in which the provision of goods or service has taken place, rather than when cash payments are received or made.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Equally, where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (income in advance) or debtor (payment in advance) is recorded in the Balance Sheet.

1.3. Cost of Services

Internal support service costs (e.g. Human Resources) are apportioned across the core service areas to represent the total cost of delivering that service to the public, in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SerCOP).

Where possible the full cost of support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties, or any other operational cost that cannot be reasonably attributed to a specific service.

1.4. Value Added Tax

Income and expenditure treated as either capital or revenue, excludes any amounts related to VAT. All VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from the same. Any amounts outstanding (payment or receipt) at the year-end date is held as a creditor or debtor after netting off the amounts either due or owed.

1.5. Changes in Accounting Policy

Where there is a known future change in accounting policy required by the CIPFA Code, the Council will disclose the following in the notes to the accounts:

- The nature of the change in accounting policy;

- The reasons why applying the new accounting policy provides reliable and more relevant information;
- For both the current reporting period, and the previous year comparatives reported, the extent to which the change in accounting policy would have impacted on the financial statements if it had been adopted in that year;
- The amount of adjustment relating to years previous to those reported in the set of financial statements, had the proposed policy been adopted retrospectively;
- If retrospective application is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

The Council will also disclose information relating to an accounting standard which has been issued but not yet adopted.

1.6. **Prior Year Adjustments**

These typically arise from omissions and misstatements in the Council's financial statements for one or more prior periods. For the error to be a prior year adjustment, it would need to have arisen from a failure to use or misuse, reliable information that:

a) Was available when financial statements for those periods were authorised for issue; and
b) Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, misunderstanding in applying accounting policies, oversights or misinterpretations of facts, and fraud.

They may also arise for reasons such as changes in Accounting Standards, which are required to be applied retrospectively.

Where required changes are thought to be significant, an adjustment will be entered into the financial statement's comparative year balances, and the columns headed 'restated'. In addition, full disclosure as to the nature, circumstance and value of the adjustment will be disclosed in the notes to the accounts.

Errors which are found and are not significant will not result in a prior year adjustment and will be corrected as a current year entry. In addition, errors as a result of information which was not known to the Council or could not have reasonably been obtained by the Council when the accounts were authorised for issue will also be treated as an in year adjustment.

1.7. **Unidentified Income**

All unidentified income received is initially coded to an income suspense account. Individual amounts below £10 are written off due to immateriality. Weekly updates of the content of the suspense accounts are circulated to finance departments, to ensure the balances are cleared quickly. Any items of income below £10,000 which remain unidentified for six months will be written off. Items above £10,000 will be written off after 12 months.

1.8. Events after the Balance Sheet Date

Where there is a material post balance sheet event before the date the accounts are authorised for issue, a disclosure in the notes to the accounts will be included. If this event provides additional evidence of conditions that existed at the Balance Sheet date, and materially affects the amounts to be included in the accounts; adjusting items will be shown in the accounts.

1.9. Exceptional Items

Exceptional items will have been disclosed separately on the face of the Comprehensive Income and Expenditure Statement and details will be disclosed in the notes to the accounts.

1.10. Contingent Assets and Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. They are not recognised in the Balance Sheet but disclosed in a note to the accounts.

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

CAPITAL ACCOUNTING

1.11. Recognition of Capital Expenditure (de-minimis Policy)

In accordance with International Accounting Standard 16 (IAS 16), the Council recognises non-current assets as:

- Assets where it is expected that future economic benefit or service potential will flow to the Council.
- Assets where the cost can be measured reliably.

and defines them as:-

- Assets held for use in the production or supply of goods or services, rental to others, or for administrative purposes.
- Assets expected to be used for more than one financial period.

The initial measurement of an asset is recognised to be:

- Purchase price, construction cost, minimum lease payments or equivalent including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

- Costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- Initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located, the obligation for which the Council incurred either when the asset was acquired or as a consequence of having used the asset during a particular period for purposes other than producing inventories during that period.

Subsequent expenditure are costs incurred to add to, replace part of, or service the asset, but do not include day-to-day repairs and maintenance and are treated as capital when

- The expenditure will substantially increase the market value of the asset.
- The expenditure will substantially increase the extent to which the Council can use the asset for the purpose, or in conjunction with the functions of the Council.

Where a component is replaced, the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected in the carrying amount, subject to the recognition principles as set out above.

The Council has two levels of de-minimis for recognition of capital expenditure, £10,000 and £500,000:

- £10,000 and below – all expenditure at this level is deemed to be non-enhancing unless funded by a Capital grant, and therefore is charged to revenue as it is incurred. This includes initial recognition of assets and subsequent asset expenditure.
- Above £500,000 - expenditure meeting the definitions above will be treated as capital expenditure, either as initial recognition or as an enhancement. However, in order to ensure that the subsequent asset expenditure is enhancing the value of the asset, the Council will instruct a valuation of the asset by a Royal Institute of Chartered Surveyors (RICS) qualified valuer, and any impairment or additional enhancement recognised as necessary.
- Any expenditure above £10,000 and below £500,000 will be treated as capital expenditure as the amount is significant enough to increase the useful life of an asset, however is not material enough to warrant individual impairment review, until the time the asset would normally be valued.

Capital Assets are held on the balance sheet as non-current assets, unless otherwise stated.

The Council has assessed whether Voluntary Aided, Voluntary Controlled and Foundation Schools should be included within the balance sheet, based upon an assessment of ownership and control of the assets. Maintained schools are already held on the balance sheet as the Council controls these entities and therefore all transactions relating to maintained schools are recognised in these accounts. Other types of schools such as Voluntary Aided, Voluntary Controlled and Foundation schools are subject to a test of ownership. The Council recognises a school's assets on its balance sheet where it directly owns them and/or the Council retains substantive rights over the assets and the future economic benefits/service potential of school assets flow to the Council or rights to use the assets have been transferred from another entity.

1.12. **Donated Assets**

These are acquired at less than fair value or transferred for nil consideration. When the Council receives a donated non-current asset, the initial recognition of the asset will be at fair value.

Once any condition attached to the donation has been satisfied, the credit which is the difference between any cash payment and fair value will be treated as income in the Taxation and Non-Specific Grant Income and Expenditure line in the Comprehensive Income and Expenditure Statement. To ensure there is no impact on Council Tax this will then be reversed in the Movement in Reserves Statement and credited to the Capital Adjustment Account.

Until the condition has been satisfied the credit will be recognised in the Donated Assets account. If there is no condition, the recognition of the credit in the Comprehensive Income and Expenditure Statement will occur upon acquisition of the asset.

The fair value of an asset will be assessed upon acquisition; this will be provided by a RICS qualified valuer for property assets and another relevant valuation specialist for other types of asset. After initial recognition, donated assets are treated in the same way as similar owned assets.

1.13. **Non-Current Asset Classification**

The Council manages its assets in the following categories:

- **Intangible Assets**
  In line with International Accounting Standard 38 (IAS 38), the Council recognises intangible assets as non-monetary assets without physical substance, where that asset meets the capital expenditure criteria set out in Accounting Policy 1.11.

- **Property, Plant and Equipment Assets**
  Property Plant and Equipment Assets are subcategorised into Operational Assets: Land & Buildings, Community Assets, Vehicles Plant Furniture & Equipment, Infrastructure Assets, and Non-Operational Assets, these being Surplus Assets and Assets under Construction.

- Land and/or Buildings Assets.
  These assets are recorded, valued and accounted for based on their significant components in line with IAS 16. The Council recognises a significant asset to be 25% of the total asset base within an asset class. A component would be recognised if its expenditure in a given financial year exceeds 25% of the total value of the significant asset and has a substantially different life to the overall asset:
  - Combined Group containing Flat Roof & Mechanical Engineering (Internal Works i.e. boiler system)
  - Land
  - Temporary Buildings (sheds / portacabins)
  - Combined group containing permanent structure, external works (i.e. car park), pitched roof and components of less than 25% of the overall structure value
  - Other unique features (e.g. a swimming pool)

- Community Assets
  These are assets that the Authority intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal. There is little prospect for sale or change of use.

  If the asset is used for a specific operational purpose, it does not qualify as a community asset and should be valued accordingly.

- Infrastructure Assets
  These include all tangible (physical) assets required within the Council's road networks. There is no prospect for sale or alternative use of infrastructure assets; expenditure is only recoverable through continued use of the asset.

- Vehicles, Plant Furniture and Equipment Assets
  These assets are also classified as Property Plant and Equipment.

  Non-Operational Assets:

- Surplus Assets
  These are assets that are not being used to deliver services, and do not meet the criteria to be classified as either investment properties or held for sale. All surplus assets under IFRS13 which came into effect and were adopted by the Council from 1 April 2015 are to be valued at Fair Value and depreciated accordingly.

- Assets Under Construction
  These are assets which are in the process of being constructed and are not yet operational.

- **Investment Property Assets**

These are items of land and / or buildings held by the Council solely for the purpose of rental income generation or capital appreciation or both.

As such where there is a service of the Council being delivered from the property, this is not classified as Investment Property Assets. This includes where the intention of the asset is to generate economic growth to an area such as below market value rental.

Investment property that subsequently meets the criteria within the Code to be classified as held for sale shall continue to be accounted for as an investment property but may be reported separately as investment property held for sale.

Some Assets Under Construction may also be classified as Investment Properties where the intended eventual use is rental income generation or capital appreciation.

- **Heritage Assets**

Assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations are classified as Heritage Assets.

- **Assets Held for Sale**

The Council will classify Non-Current Assets as Held for Sale where all of the following criteria have been met:

  - The asset must be available for immediate sale in its present condition. However, if a sale is dependent on planning permission being obtained, reclassification is suspended until that permission has been given.
  - The asset's sale is highly probable.
  - The asset must be actively marketed for sale.
  - The completion of the sale is expected within 12 months from the date of classification.

In situations where it is not necessary to carry out active marketing, for example the Council is able to identify prospective purchases willing to pay a reasonable price without marketing or because the buyer initiates the transaction (such as a right-to-buy-sale) the actively marketed test is treated as 'not applicable', rather than failed.

Assets which become non-operational which do not meet all of the criteria set out as assets Held for Sale will be classified as surplus. If at a later point in time the asset no longer meets the criteria of Held for Sale, it is restored to its previous classification and all transactions which would have occurred shall be retrospectively applied as though the asset had never been held for sale.

Assets meeting the criteria as Held for Sale are held as current assets on the balance sheet as income is expected within 12 months.

It is possible that assets meeting the criteria to be Held for Sale; may undergo a change in circumstance beyond the control of the Council resulting in the sale being delayed beyond 12 months. In these instances, the Council follows the policies outlined for assets held for sale; however disclosure of the value for these assets is within non-current assets. Due to the circumstances around the definition, it is expected that this will occur very rarely.

1.14. **Non-Current Asset Valuation Methodology**

The various classifications of assets as outlined in Accounting Policy 1.13 are valued on a differing base. Where not explicitly stated otherwise, property revaluations are completed by a RICS qualified valuer (who is internal to the Council), over a ‘short period’, interpreted to mean on a five year rolling programme for each class of asset i.e. 20% of the Council’s assets are revalued at 31 March for the financial year.

Where there is an upward revaluation, the carrying value is increased and the associated credit charged directly to the Revaluation Reserve. This is then reflected in the Comprehensive Income and Expenditure Statement as a revaluation gain. Where there is a revaluation resulting in a lower than carrying amount valuation, this is treated in line with Accounting Policy 1.15 – impairment of Non-Current Assets.

The Council, as per the reporting standard, values its assets and liabilities in accordance with section 2.10 of the Code of Practice on Local Authority Accounting in the United Kingdom to reflect the adoption of IFRS13 Fair Value Measurement at each reporting date except where adaptations to fit the public sector are detailed in the Code. However, Section 4.1 of the Code adapts IAS 16 to require that items of Property, Plant and Equipment that are operational and therefore providing a service potential for the authority are measured for their service potential at existing use value, existing use value – social housing, (depreciated) historic cost or depreciated replacement cost and not at fair value. Surplus assets are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability.

Fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Code requires Infrastructure Assets and Assets Under Construction (excluding Investment Property, see Section 4.4 of the Code) to be measured at historic cost. Community assets may either be valued in accordance with Section 4.10 of the Code, where the valuation option has been adopted, or measured at historic cost. The Council measures Community Assets at historic cost.

Heritage Assets will be valued in accordance with Section 4.10 of the Code.

The Code requires all other assets to be measured at Current Value and the basis of valuation will be determined using the following criteria:

- Depreciated replacement cost – specialised assets
- Existing use value – non-specialised assets
- Existing use value – social housing
- Fair value for the following assets:
    - Investment assets
    - Surplus assets
    - Assets Held for Sale (less costs to sell)

The Council uses valuation techniques, as required by the Code, which maximise the use of relevant observable inputs and minimise the use of unobservable inputs and that are appropriate in the circumstances and for which sufficient data is available.

Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability.

Unobservable inputs are inputs for which market data is not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The Council follows the fair value hierarchy which categorises inputs to the valuation techniques in respect of assets and liabilities into three levels for which fair value is measured or disclosed in the Council's financial statements, these include:

- Level 1 inputs – unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset or liability

Highest priority is given to Level 1 inputs (unadjusted) in active markets and lowest priority to Level 3.

Upon the revaluation of a Surplus Asset at the 31st March of the financial year, based on the inputs available at the date of valuation the valuer will establish the Code Valuation Input Level for the valuation and will compare this with the Code Valuation Input Level for the previous valuation. Where the Input Level is different from that of the previous valuation this will be specifically reported with the valuation together with a narrative description of the reasons and differing circumstances that have resulted in the change.

Valuations are completed under the Code as follows:

- **Intangible Assets –** the Council recognises Intangible Assets at cost. The Council will only revalue intangible assets annually where there is a determinable market value for the asset.

- **Property Plant and Equipment (PPE) –** Property Assets are held at current value which is the amount that would be paid for the asset in its existing use. This requirement is met by providing a valuation on the basis of Existing Use Value (EUV) in accordance with United Kingdom Practice Statement (UKPS) 1.3 of the RICS Valuation Standards. Where no other valuation method can be used because of the specialist nature of the asset, current value is estimated using a Depreciated Replacement Cost (DRC) approach. Vehicles, Plant, Furniture and Equipment, IT Hardware, and Assets Under Construction within PPE are held at historic cost (not valued).

- **Infrastructure Assets –** the Council recognises Infrastructure Assets at Depreciated Historical Cost.

- **Investment Property Assets –** Investment Properties are annually revalued at fair value which is interpreted as the amount that would be paid for the asset in its highest and best use, i.e. market value. An investment property under construction is measured at cost until such time as its fair value can be determined reliably or its construction us complete, whichever comes first. The fair value of Investment Property held under a lease is the lease interest.

- **Community Assets –** the Council recognises Community Assets at historic cost.

- **Heritage Assets –** where it is possible to determine a valuation for Heritage Assets, then the Council will recognise the asset in the Balance Sheet at that valuation. Where a valuation has been applied to this class of assets, other than a historic valuation, a range of valuation bases have been used which include external valuations, curatorial valuations and a limited number of cases of insurance valuations. Where a curatorial valuation has been applied the valuation is dependent upon the experience and knowledge of the Derbyshire Museums Manager. However, where it is not practicable to obtain a valuation the asset will be carried at historic cost. Where information on cost or value is not available all Heritage Assets will be disclosed in the notes to the accounts, even where they are not recognised in the Balance Sheet. Where there is evidence of impairment to Heritage Assets e.g. where an item has suffered a physical deterioration or breakage or new doubts arise as to its authenticity, any impairment is recognised and measured in accordance with the Council's general policies on impairment.

- **Assets Held for Sale –** Non-Current Assets Held for Sale are, at initial classification and at the end of each reporting year, valued at the lower of carrying amount and fair value less costs to sell and depreciation on these assets should cease.

- **Surplus Assets** - Surplus assets are valued at Fair Value in accordance with the Code.

1.15. **Impairment of Non-Current Assets**

This accounting policy has been created in accordance with IAS 36.
Impairment is the amount to which the carrying value of an asset exceeds the recoverable amount.

At the end of each reporting period the Council assesses whether there is any indication that an asset may be impaired.

The Council recognises impairment as:
- A significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period that is specific to the asset;
- Evidence of obsolescence or physical damage of an asset;
- A commitment by the Council to undertake a significant reorganisation; and
- A significant adverse change in the statutory or other regulatory environment in which the Council operates.

Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains). Any further impairment or if there has been no previous revaluation, the impairment is charged to revenue. This is then reversed through the Movement in Reserves Statement and charged to the Capital Adjustment Account.

1.16. **Disposal of Non-Current Assets**

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Sale proceeds in excess of £10,000 are categorised as Capital Receipts. Receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are transferred to the Reserve from the movement in reserves statement. The value of the asset is transferred to the Capital Adjustment Account via the Movement in Reserves Statement.
Sale proceeds of £10,000 and below are credited straight to the Comprehensive Income and Expenditure Statement.

1.17. **Depreciation / Amortisation Methodology**

In order to recognise the total cost of using fixed assets, the Council has a policy to depreciate assets on a straight line basis over their useful economic life, reducing the value of the asset, and charging the relevant revenue service expenditure. However, under statute, depreciation is not chargeable to the taxpayer, the Council removes this charge through the Movement in Reserves Statement and charges it to the Capital Adjustment Account.

The Council charges depreciation on a pro-rata basis during the year i.e. from the month of acquisition to the month of disposal.

The economic lives of assets are:

- **Intangible Assets –** 5 years.

- **Property Plant and Equipment**
    - Combined Group for Flat Roof and Mechanical Engineering – 20 years
    - Land – not depreciated
    - Temporary Buildings – 15 years
    - Modular Buildings – 25 years
    - Combined group for structure, external works, pitched roof and components of less than 25% of the overall structure value – 40 years
    - Other unique features (i.e. a swimming pool) – as required
    - Fixtures and Fittings – 10 years
    - IT Hardware – 5 years
    - Vehicles – 3 to 10 years

- **Infrastructure Assets**
    - Carriage ways – 40 years
    - Footways and cycle tracks – 40 years
    - Structures – 40 years
    - Lighting – 25 years
    - Traffic management – 25 years
    - Street furniture – 25 years

- **Investment Property Assets –** not depreciated

- **Community Assets –** Community Assets are assets that an authority intends to hold to perpetuity which have no determinable useful lives and as such are not depreciated.

- **Assets Held for Sale –** are not depreciated

- **Assets Under Construction –** are not depreciated

- **Heritage Assets (with indefinite lives) –** are not depreciated

1.18. **Leases**

In line with IAS 17, the Council recognises a lease to be any agreement which transfers the right to use an asset for an agreed period in exchange for payment, or a series of payments.

This includes leases, hire purchase, rental, contracts of service, service level agreements and any other arrangement where the ability to use an asset is conveyed.

1.19. **Defining a Finance Lease**

A finance lease is where substantially all of the risks and rewards relating to ownership transfer to the lessee.

Tests to give an indication of the transfer of risk and reward are:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised
- If the lease term is for the major part of the economic life of the asset even if the title is not transferred. Measures to identify this are:
  - The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.
  - The Council recognises 'major part' to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Measures to identify this are:
  - Fair value of the leased asset is assessed by a RICS qualified valuer.
  - The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.
  - If this rate cannot be determined the incremental borrowing rate applicable for that year is used.
  - The Council recognises 'substantially all' to be 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.

- If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).
- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

A suitably experienced accountant, with assistance from qualified valuers, will make a judgement based on the level of risk and reward held by the Council as to whether a lease is operating or finance.

1.20. **Defining an Operating Lease**

The Council recognises an operating lease to be a lease which is not a finance lease.

1.21. **Lessee Accounting for a Finance Lease**

Where the Council is tenant in a property, or is, by definition of IFRIC 4, leasing an asset which is deemed under IAS 17 to be a finance lease the Council will recognise that asset within the asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the property, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made.

1.22. **Lessor Accounting for a Finance Lease**

Where the Council is the lessor for a finance lease, the asset is not recognised in the asset register; however, a long term debtor at the present value of minimum lease payments is recognised. Income received is split between capital - credited against the debtor, and finance income – credited to the Comprehensive Income and Expenditure Statement as interest receivable.

1.23. **Lessor Accounting for an Operating Lease**

Where the Council is the lessor for an operating lease, it will retain the property as either an item of Property Plant and Equipment or as an Investment Property on the Balance Sheet. Any rental income is credited to the relevant service income.

1.24. **Service Concession Agreements (Private Finance Initiative (PFI) and other similar contracts)**

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. PFI and similar contracts are assessed against criteria within IFRIC 12 Service Concession Arrangements to determine whether the risks and rewards incidental to ownership lie with the Council or the contractor.

Those which lie with the contractor – payments made during the life of the contract are chargeable to revenue as incurred.

Those which lie with the Council – are recognised as an asset in the Balance Sheet for the construction costs of the asset. Once recognised this asset is treated in line with all capital assets. A corresponding long-term liability is also recognised at the construction value. Payments made during the life of the contract are split into finance costs, capital costs and service costs. Determining the split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement. Finance costs are chargeable to the Comprehensive Income and Expenditure Statement as Interest payable. Capital Costs reduce the level of liability in the Balance Sheet. Service costs are chargeable to the relevant revenue service expenditure. Pre-payments or Dowry payments reduce the level of liability at the start of the contract.

PFI Credits are treated as general revenue government grants.

1.25. **Capital Grants and Contributions**

The Council recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions and donations are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.

Any grant received before these recognition criteria were satisfied would be held as a creditor. Any grant which had met the recognition criteria but had not been received would be shown as a debtor. This is in line with the Accruals Concept Policy.

Once the recognition criteria above have been satisfied, capital grants are recognised as income in the Comprehensive Income and Expenditure Statement.

In order to not impact on the level of Council Tax, the Council removes the credit from the General Reserves through the Movement in Reserves Statement and makes a credit to the Capital Grants Unapplied Reserve.

Once expenditure has been incurred on the related asset, the credit is removed from the Capital Grants Unapplied Reserve and credited to the Capital Adjustment Account.

1.26. **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred that either may be capitalised under statutory provisions or is capital in nature but does not result in the creation of a fixed asset that is owned by the Council. REFCUS is charged as expenditure to the Comprehensive Income and Expenditure Statement in the year, however, is financed from existing capital resources or by borrowing. A transfer between the Capital Adjustment Account and the Movement in Reserves Statement then reverses out the impact on the general fund balance.

1.27. **Minimum Revenue Provision (MRP)**

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement.

The Council will provide for 2.5% of debt outstanding on all debt as at 31 March 2008. On any new debt since this date the Council will provide 2.5% of the balance on all borrowing, unless any unsupported borrowing relates to any significant assets with a life of less than 20 years. In this case an annual amount based on the expected useful life of the individual assets is used and where those assets are vehicles then an average life of five years is used.

The Council has adopted the policy of charging MRP for PFI and Leased Assets at the value of the associated loan liability repayment each year, thus mitigating the impact to the General Reserve.

1.28. **Capital Reserves**

The Council holds Capital Reserves for the purpose of financing capital expenditure. Reserves will be disclosed as either usable (available to fund capital expenditure) or unusable (reserves held as a result of timing differences associated with recognition of capital expenditure and related financing).

Movements in capital reserves are accounted through the Movement in Reserves Statement.

REVENUE ACCOUNTING

1.29. **Recognition of Revenue Expenditure**

The Council recognises revenue expenditure as expenditure which is not capital.

1.30. **Employee Costs**

In accordance with IAS 19, the Council accounts for the total benefit earned by employees during the financial year.

Employee Costs are split into 3 categories; short term benefits, termination benefits and pensions costs.

Short Term Employee Benefits

- **Salaries and Wages –** The total salary and wages earned by employees during the financial year are charged to the Comprehensive Income and Expenditure Statement. Where the amount accrued exceeds the amount paid at the 31 March, a creditor will be reflected in the accounts.

- **Leave Owed, Accumulating Absences –** The Council allows employees to earn time off in one period with the resulting cost to the Council in a later period when that time is either taken off or paid to the employee. Examples of this accumulating leave are annual leave, flexi-time and time off in lieu.

  If an employee were to leave the Council, cash payment would be made for entitlements such as annual leave; this leave is termed vesting. Where no cash payment would be due, the leave is termed non-vesting.

  In order to correctly reflect the cost of time owed to staff, a charge has been made to the Comprehensive Income and Expenditure Statement and a creditor accrual has been reflected in the Balance Sheet. This charge is reflective of the estimated time cost value of all accumulating leave owed to employees. Vesting leave will be charged in full; however non-vesting leave has been adjusted to reflect the turnover of staff.

- **Easter Bank Holiday –** When Good Friday and/or Easter Monday fall in April, the preceding financial year only accounts for 6 or 7 bank holidays rather than the statutory 8. When this occurs, a charge is made to the Comprehensive Income and Expenditure Statement and a creditor accrual is reflected in the Balance Sheet.

- **Non-accumulating Absences –** are periods of leave that cannot be carried forward for use in future periods. Examples include Maternity Leave, Special Leave, Sick Leave and Jury Service. The Council does not recognise non-accumulating compensated absences until the time that the absence occurs.

- **Non-monetary Benefits –** Where employees have non-monetary benefits (e.g. retirement benefits or life insurance), the associated cost of providing that benefit has been charged to the Comprehensive Income and Expenditure Statement.

Termination Benefits

- **Redundancy Costs –** The obligation to pay redundancy costs occurs when there is a formal plan to create redundancies. The plan would include the location, function and approximate number of employees affected; the termination benefits offered; and the time of implementation. When these recognition criteria have been met the Council recognises the costs associated with this in the service revenue expenditure and creates a creditor in the Balance Sheet. Where the payable amount is due in more than 12 months from the year end date, the costs are discounted at the rate determined by reference to market yields. In the case of an offer to encourage voluntary redundancy, the Council has recognised the estimated cost based on the expected number of employees taking the offer.

The Council will disclose details of exit packages within the notes to the accounts.

Pensions Costs

- **Teachers' Pension Scheme –** is a defined benefit scheme administered by the Department for Education. The assets and liabilities of the Teachers' Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Children and Education Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

- **Local Government Pension Scheme –** is a defined benefit scheme. The liabilities of the scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions such as mortality rates and employee turnover rates, and projections of earnings for current employees.

  Pension liabilities are measured using the projected unit method, discounted using the rate on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of "spot yields" on AA rated corporate bonds.

The change in the net pension liability is analysed into seven components:

- Current Service Cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement within the relevant service area dependant on staff employed at the Council. The current service cost includes an allowance for administration expenses
- Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- Gains/Losses on Settlements and Curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement
- Interest Income on Plan Assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement
- Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial

valuation or because the actuaries have updated their assumptions – debited to the Movement in Reserves Statement.
- Employer Contributions – cash paid by the Council to the Pension Fund.

In relation to retirement benefits, statutory provisions require the General Reserve to be charged with the amount payable by the Council to the Pension Fund in the year, not the amount calculated according to the relevant accounting standards. Adjustments are therefore made in the Movement in Reserves Statement.

➢ **Early Retirement, Discretionary Payments –** the Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies which are applied to the Local Government Pension Scheme.

1.31. **Lessee Accounting for an Operating Lease**

Costs associated with operating leased assets where the Council is the lessee are charged immediately to the Comprehensive Income and Expenditure Statement within the Net Cost of Services on an accruals basis.

1.32. **Revenue Grants and Contributions**

Grants, contributions and donations (referred to as grants for the purposes of this policy) are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (income in advance). Any grant which had met the recognition criteria but had not been received would be shown as a debtor.

Revenue grants will either be received to be used only for a specific purpose or can be used for general purpose. Those for a specific purpose are recognised in the Comprehensive Income and Expenditure Statement within the Net Cost of Services. Those which are for general purpose are shown within Other Operating (Income) and Expenditure in the Comprehensive Expenditure and Income Statement.

1.33. **Income from Service Recipients**

Income from service recipients is defined as consideration that a party, which has contracted with the Council, has given in exchange for goods or services that are the output of the Council's normal operating activities. Such a contract may be in writing, orally or in accordance with customary business practices. These may include:
- Charges for service provided by the Council.
- Sale of goods provided by the Council.
- Fees and charges for services under statutory requirements where there is an exchange of assets or services, such as the issuing of a licence or processing of an application.

In such cases the Council recognises income when it has satisfied the performance obligation by transferring the promised goods or services to the service recipient. The point of transfer is when the service recipient takes control of the goods or benefits from the service.

The Council deems performance obligations to be satisfied over time, rather than at a point in time if any of the following criteria are met:

- The service recipient simultaneously receives and consumes the benefits of a service.
- The Council's performance enhances an asset that the service recipient controls.
- The Council has an enforceable right to payment for performance completed to date and that performance does not create an asset for which it has an alternative use.

Such income is recognised in the Comprehensive Income and Expenditure Statement within the Net Cost of Services.

1.34. **Provisions**

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.
Provisions are charged to the appropriate service revenue account in the year that the Council recognises an obligation, based on the best estimate of the likely settlement. When payments are eventually made, it is charged to the provision. Where payment is not expected for more than 365 days after the balance sheet date, the provision has been discounted using the rate of a high quality corporate bond.

Estimated settlements are reviewed at the end of each financial year and adjustments with the Comprehensive Income and Expenditure Statement are made as required.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received if the obligation is settled.

The Council does not hold any general provisions.

1.35. **Revenue Reserves**

The Council holds usable revenue reserves for the purpose of funding future expenditure. The General Reserve represents the balance of reserves to meet short term, unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed over the period of the Five Year Financial Plan. Earmarked Reserves represent balances where approval has been received to use the reserve for a specific purpose.

Unusable revenue reserves represent timing differences such as those associated with the recognition of retirement benefits, Council tax income and financial instruments.

Movement in reserves are accounted through the Movement in Reserves Statement.

The Council publishes a separate Reserves Policy document, which is reviewed by Cabinet at least annually.

1.36. **Research Costs**

Research costs should be treated as revenue expenditure at the point in which they are incurred and charged to the Comprehensive Income and Expenditure Statement.

1.37. **Members’ Allowances**

The Council in exercise of the powers and duties conferred by the Local Authorities (Members' Allowances) (England) Regulations 2003, has established a Members Allowance Scheme, outlining the allowances payable to Members of the Council. Members are reminded of the need to keep detailed supporting information, such as a diary, about every attendance for which they claim. This information should be available for scrutiny by the Council’s Auditors or other relevant persons as and when required. The scheme is updated annually, and full details are available on the Council’s website.

The total amount paid in terms of Members Allowances is disclosed in the notes to the accounts.

1.38. **Council Tax and Business Rates Recognition**

Council Tax and Business Rates income included in the Comprehensive Income and Expenditure Statement includes the Council’s share of accrued income recognised by billing authorities in the production of the Collection Fund Statements.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

1.39. **Inventories and Work in Progress**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Inventory is recorded in terms of average cost, with the exception of fleet parts where the cost is recorded on a first in, first out basis.

Work in progress is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

1.40. **Loss Allowance for Expected Credit Losses**

The Council maintains a loss allowance for any amounts it is due to receive from its debtors or investments which might become uncollectable.

Credit risk is assessed based on the expectation of a debtor’s or an investment issuer’s ability to pay future cash flows due under the contractual terms. This risk is estimated, where possible, based on historical loss experience, the debtor's or investment issuer's credit rating and other impacting factors including forward-looking information.

The loss allowance for an investment is initially measured at an amount equal to the portion of the lifetime credit losses which might be expected from a default event within 12 months of the balance sheet date. If the Council considers that the risk of default on an investment has increased significantly since the investment was initially recognised it will measure the loss allowance at an amount equal to the total lifetime credit losses expected from a default event.

At each Balance Sheet date, the Council makes a two-stage assessment of significant increases in credit risk since initial recognition:

- Firstly, whether there is evidence of a significant increase for an individual debtor or investment that is significant, and
- Secondly, whether there is evidence of a significant increase for groups of similar debtors or investments.

The Council adopts the simplified approach of measuring the loss allowance for debtors at an amount equal to the total lifetime credit losses expected from a default event, from the time a debtor is initially recognised.

No loss allowance is recognised for expected credit losses where the debtor or investment issuer is central government or another local authority for which relevant statutory provisions prevent default.

Loss allowances are offset against the debtor or investment amount shown as an asset. The movement in the allowance is charged to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

TREASURY MANAGEMENT

1.41. **Definition of Treasury Management Activities**

The Council has adopted the following definition of Treasury Management activities:

The management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

The Council acknowledges that effective treasury management will provide support towards the achievement of its service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

1.42. **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in the value.

1.43. **Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost.

Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus any interest accrued to 31 March and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Any premiums or discounts, incurred on the early repayment of loan debt, arising from 1 April 2007 are taken immediately to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement in the year of repayment. However, the amount is then credited or debited to the General Reserve and transferred to the Financial Instruments Adjustment Account via the Movement in Reserves Statement as required by statute.

The regulations allow that the premium or discount is amortised over periods specified in the statutory guidance. In accordance with the guidance the Council has a policy of spreading the premium or discount over the remaining term of the original loan, or a minimum of 10 years in the case of discounts. This amortisation is managed by a transfer from the Financial Instruments Adjustment Account to the General Reserve via the Movement in Reserves Statement.

Where a loan has been restructured, by a modification to the terms of the existing loan or by an exchange of debt instruments with the existing lender, and the terms are substantially different, the original financial liability is extinguished and a new financial liability is recognised. The difference between the carrying amount of the new and extinguished liability and any consideration transferred is recognised in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Where the terms of a loan debt exchange or the modification to the terms of an existing loan are not substantial, the carrying amount of the liability is adjusted to the value of the remaining cash flows required by the new terms, including any premiums or discounts paid/received, discounted to present value at the original loan's effective interest rate. Any gain or loss on modification is credited and debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

A modification of terms is deemed to be substantially different if the present value of the cash flows under the new terms, including any premiums or discounts paid/received, is at least 10% different from the present value of the cash flows under the old terms. In both cases the present value is calculated by reference to original loan's effective interest rate.

1.44. **Financial Assets**

Financial assets are classified into three types according to the Council's business model for managing those assets and the characteristics of the cash flows of the asset:

1) **Financial Assets Measured at Amortised Cost** – assets where it is the Council's intention to hold the asset to collect the contractual cash flows and those cash flows consist solely of payments of principal and interest which arise on specified dates

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus any interest accrued to 31 March and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. However, the Council could make loans to organisations at less than market rates (soft loans).

When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Reserves is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Reserves is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Investments are represented on the balance sheet depending on their remaining life at the Balance Sheet date:

- Investments entered into for 90 days or less - debited to the cash balance as cash equivalents and represented within the cash flow statement.
- Investments entered into for more than 90, with less than 365 days until maturity – debited to current asset investments
- Investments due to expire in more than 365 days – debited to non-current asset investments

2) **Financial Assets Measured at Fair Value Through Other Comprehensive Income** – assets where it is the Council's intention to hold the asset both to sell the asset and to collect the contractual cash flows and those cash flows consist solely of payments of principal and interest which arise on specified dates, or assets which are equity instruments which it is the Council's intention to hold for more than 12 months and which the Council has irrevocably elected to present changes to their fair value in Other Comprehensive Income and Expenditure

These assets are initially measured and carried at fair value. Where the asset has determinable payments of dividends or interest, these are credited to the Comprehensive Income and Expenditure Statement. Interest receivable is based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Dividends are recognised when the Council's right to receive the payment has been established and the amount can be measured reliably.

Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

Changes in fair value are balanced by an entry in the Financial Instrument Revaluation Reserve and the gain/loss is recognised in Other Comprehensive Income and Expenditure and the Movement in Reserves Statement. Impairment of these assets, due to expected credit losses, is charged to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement and credited to a loss allowance account which reduces the carrying value of the financial asset. Any gains and losses that arise on de-recognition of the asset are credited/debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

3) **Financial Assets Measured at Fair Value Through Profit or Loss** – assets which are neither measured at amortised cost nor where changes to fair value are presented in Other Comprehensive Income and Expenditure

These assets are initially measured and carried at fair value. Where the asset has determinable payments of dividends or interest, these are credited to the Comprehensive Income and Expenditure Statement. Interest receivable is based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Dividends are recognised when the Council's right to receive the payment has been established and the amount can be measured reliably.

Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

Changes in fair value are balanced by an entry in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

1.45. **Interests in Companies and Other Entities**

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

AA rated corporate bonds
Financial indicator of very good quality, low risk debt securities. These are assigned by credit rating agencies such as Moody's, Standard & Poor's and Fitch Ratings to have letter designations (such as AAA, B, CC).

Account
A group of expenditure items or balances with similar qualities will be summated into an 'account' balance such as an individual reserve account, or revenue expenditure account.

Accounting Policies
The Councils document outlining how it will account for all of its operations.

Accounting Principles
Commonly accepted set of concepts or assumptions that have to be followed when producing financial statements.

Accounting Standard
Statutory guidelines which explain how to treat financial activities in the financial statements. See International Financial Reporting Standards (IFRS).

Accrual
The accruals concept requires that the cost or benefit of a transaction is shown in the period to which the goods or services are received or provided, rather than when the cash is paid or received.

Accruals Concept
Requires operations of the Council to be reported in the financial statements at the point which they took place, rather than when the cash was paid or received.

Accumulating Absences
Types of leave which employees are entitled to each year; which if untaken in one financial year will be added to the entitlement for the following year.

Acquired / Acquisition
Operations or assets which have become the responsibility of the Council, such as through purchase, a Government reorganisation, donation or merger.

Actuarial
The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.

Actuaries
An actuary is a professional who deals with the financial impact of risk and uncertainty. Actuaries provide assessments of financial systems and balances.

Amortisation
The term used to describe the charge made for the cost of using intangible fixed assets. The charge for the year will represent the amount of economic benefits consumed for example wear and tear.

Amortised Cost – Financial Instruments
The valuation of a financial asset or liability based on repayments of principal, interest accrued at a constant rate and the difference between the initial amount recognised and the maturity amount. For financial assets this is adjusted by any loss allowance.

Amortised Cost – Other Non-Current Assets

The cost of intangible assets reduced by the amount of amortisation charged to date.

Annual Leave

Yearly entitlement of paid time off for Council staff.

Asset Register

Listing of all property (for example land, buildings, furniture, infrastructure, software) owned by the Council. The register holds all financial information relating to the asset.

Assets

Right or other access to future economic benefits.

Assets Held For Sale

Non-Current Assets which meet the relevant criteria to be classified as held for sale.

Assets Under Construction

Assets which are in the process of being constructed and are not yet operational.

Associates

An entity (including partnerships) which is not a subsidiary or joint venture, where the Council has significant influence.

Authorised For Issue

The date which the financial statements have been certified by External Audit and signed the relevant Officers and Members of the Council.

Balance Sheet

Shows all balances including reserves, long-term debt, fixed and net current assets, together with summarised information on the fixed assets held.

Balance Sheet Date

The date at which the Council reports its financial statements. For Derbyshire County Council, this date is the 31 March.

Bias

Influence or direction.

Billing Authorities

Councils who are responsible for issuing Council Tax Invoices and collection of income from local residents. The relevant share of that income is then transferred to the Council.

Borrowing Requirement

The amount required to be loaned from Money Markets or other financial institutions or Councils in order to support capital expenditure.

Business Rates

Local property taxation issued to businesses, similar to Council Tax on residential properties. Also known as National Non Domestic Rates (NNDR).

Cabinet

Sub-committee of elected Councillors representing the functions and portfolios of the Council.

Capital

Assets which have a long term value (more than one year) to the Council such as Buildings.

Capital Adjustment Account

Capital reserve largely comprising of resource applied to capital financing and is not available to the Council to support new investment.

Capital Appreciation

Increase in the worth of assets over time due to changes in market conditions or enhancements to the asset.

Capital Costs

Reflects the element of annual payment for PFI or Leased assets which is in relation to the reduction in the long term debt associated with the asset.

Capital Expenditure

Expenditure on the acquisition of, or enhancement to fixed assets. This cannot be merely to maintain the value of an existing asset.

Capital Financing Requirement

The Capital Financing Requirement measures the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income. It is a measure of the underlying need to borrow for a capital purpose.

Capital Grant

Grant which is intended to fund capital expenditure.

Capital Grants Unapplied Reserve

Balance of capital grants received which is available to finance future capital expenditure.

Capital Receipts

Income received from the sale or utilisation of property, such as sale proceeds or rental income on finance leases.

Capital Reserves

Reserve balances held for capital purposes.

Carrying Value

The amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Cash Flows

Monies received or paid either as cash or bank transactions. Cash inflow denotes money received, cash outflow denotes money paid.

Chartered Institute of Public Finance And Accountancy (CIPFA)

The main authority on accountancy and financial management for the public services in the UK.

CIPFA Code

A publication produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) that provides comprehensive guidance on the content of a Council's Statement of Accounts

Collection Fund

The fund maintained by authorities who have responsibility to bill Council Tax and Non-Domestic Rate payers (billing authorities).

Collection Fund Adjustment Account

Revenue reserve to represent the difference between the income received by a local authority in Council Tax and the amount attributable to them.

Collection Fund Statements

The statutory financial statements produced as part of the Statement of Accounts by authorities who have responsibility to bill Council Tax and Non-Domestic Rate payers (billing authorities).

Community Assets

Assets which are held for the benefit of the community where there is no determinable useful life.

Comparative Year

The previous year to that which is being reported.

Component Accounting

The concept that individual parts of an asset (such as land, building, roof, sheds) should be treated differently in the financial statements dependent on the expected useful life or value of those individual parts. The concept expects that some parts of an asset require repair or replacement sooner than others.

Comprehensive Income And Expenditure Statement

Financial Statement detailing the revenue operations of the Council. This represents the private sector equivalent of a Profit and Loss Statement.

Condition

A requirement which must be met for an asset or liability to be recognised by the Council. For example, a donation which can only be spent within a specific service area such as museums or to support children.

Contingent Assets And Liabilities

A possible asset or obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

Contract Asset

The Council's right to receive consideration in exchange for goods or services that it has transferred to a service recipient where that right is conditional on something other than the passage of time (such as the Council's future performance).

Contract Liability

The Council's obligation to deliver goods or services to a service recipient for which it has already received consideration.

Contributions

Income received by the council which is not a grant, donation, fine, or in direct exchange for goods or services.

Core Service Areas

The services provided by the Council externally, such as education, highway maintenance and adult social care.

Corporate And Democratic Core

Costs associated with maintaining a democratic representation and management within the Council. For example Members Allowances and administrative costs associated with supporting elected Members.

Council

The Council comprises all of the democratically elected Councillors who represent the various electoral divisions.

Council Tax

Council Tax is a local taxation that is levied on dwellings within the local Council area, and funds all Council services.

Credit

A credit represents income to a revenue account.

Credit Loss

The difference between contractual amounts due to the Council and the amounts it expects to receive.

Creditor

Represents the amount that the Council owes other parties.

Current Service Cost

The current service cost is the increase in the value of the pension schemes future pension liabilities arising from the employees on-going membership of the pension scheme.

Current Value

IFRS13 introduces the concept of current value and defines it as the measurements that reflect the economic environment prevailing for a service or function the asset is supporting at the reporting date. Current value can be fair value, existing use value, existing use value – Social Housing and depreciable replacement cost.

Current Year Entry

A transaction which has occurred in the financial year being reported.

Curtailments

Materially reducing the expected years of future services of current employees or eliminating for a significant number of employees the accrual of defined benefits for some or all of their future services.

Debit

A debit represents expenditure against a revenue account.

Debt Outstanding

The remaining principal balance owed on a loans or investments.

Debtors

Represents the amounts owed to the Council.

Equity Instrument

A contract which evidences a residual interest in the assets of another entity after deducting all of its liabilities. Examples include shares and derivatives that give the Council the right to receive a fixed number of shares for a fixed amount of cash (or another financial asset) in an exchange which is expected to be favourable to the Council.

Defined Benefit Scheme

Also known as a Final Salary Scheme. Pension scheme arrangement where the benefits payable to the members are determined by the scheme rules. In most cases there is a compulsory members' contribution but over and above this all costs of meeting the quoted benefits are the responsibility of the employer.

Defined Contribution Scheme

Also known as a Money Purchase Scheme. Pension scheme arrangement where the employer's liability is restricted to the amount that they contribute. Benefits payable to the members depend on the performance of the invested contributions of the members and the employer, the level of contributions invested, the charges deducted by the product provider and the annuity rate at retirement.

De-Minimis

Minimum level required. For example expenditure below the capital de-minimis is below the minimum level required to be treated as a capital expenditure item.

Department For Education

Central Government Department, responsible for education and children's services in England.

Depreciable Replacement Cost (DRC)

DRC is a method of valuation that provides the current cost of replacing an asset with its Modern Equivalent Asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation.

Depreciation

The term used to describe the charge made for the cost of using tangible fixed assets. The charge for the year will represent the amount of economic benefits consumed by, for example, wear and tear.

Derecognition

The process whereby a component is replaced to avoid double counting when no future economic benefits or service potential are expected from its use or upon disposal.

Discount

An allowance received through the early repayment of debt.

Discounted

Reflecting the equivalent value today of a payment or income made or due in the past or future.

Discounted Cash Flow

A method of analysing future cash flows, by removing the impact time has on the value of money, and producing an equivalent current value (present value).

Discretionary Benefits

Benefits given to employees which are not statutorily obliged.

Disposal

Operations or assets which have left the responsibility of the Council, such as through sale, a Government reorganisation, donation or merger.

Donated Assets

Assets which have been acquired at below market cost.

Dowry

One off payment made as donation, contribution or pre-payment of an obligation.

Earmarked Reserves

Reserve balances which have been set aside for future spending in a specific area.

Economic Life

The number of years the Council is expected to receive economic benefits to deliver services.

Effective Rate

The interest rate embedded within a contract or lease, allowing for regular annual payments and the time value of money.

Employee

A person who holds an office within the Council, but does not include a person who is an elected Councillor.

Employee Benefits

Monetary or other awards to employees of the Council in exchange for services provided. For example, pay, holidays, and pensions.

Employee Costs

The costs directly associated with employees, including but not exhaustively salaries and wages, National Insurance contributions and pension’s costs.

Employer Contributions

The payments made to an employee’s pension scheme by the Council.

Enhancement Expenditure

Expenditure which increases the value of an asset.

Entity

Something with a legal status such as the Council, a company, or an individual.

Events After The Balance Sheet Date

An event which occurs between 31 March and the date that the accounts are signed which would alter the conclusion reached by any reader of the accounts.

Exceptional Items

Material items that result from the ordinary activities of the Council, but to a value so significantly abnormal that is not expected to recur at that level.

Existing Use Value (EUV)

The value of an asset based on what it is currently being used for. For example, two identical buildings in construction and design may have different values where one is used as a school and another is used as offices.

Exit Packages

The payment made to an employee upon leaving the Council.

Expenditure

Payments made of goods or services.

Fair Value

The income that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Through Other Comprehensive Income (FVOCI)

Measurement of a financial asset at fair value where any gain or loss on revaluation is recognised in other comprehensive income and expenditure and taken to the Financial Instrument Revaluation Reserve.

Fair Value Through Profit or Loss

Measurement of a financial asset at fair value where any gain or loss on revaluation is recognised as a credit or charge to Surplus or Deficit on Provision of Services within the CIES.

Finance Income

Interest receipts.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Financial Assets

A type of financial instrument which gives the Council the right to receive future economic benefits.

Financial Instruments

An umbrella term to describe all financial services and trading with which the Council may operate, including loans, borrowings, bank accounts and debtors.

Financial Instruments Adjustment Account

Revenue reserve which records the timing differences between the rate at which gains and losses are recognised and the rate at which debits and credits are required to be made against Council tax.

Financial Instruments Revaluation Reserve

This reserve contains the cumulative gains and losses relating to the valuation of financial assets held at fair value through other comprehensive income. When the underlying financial assets are de-recognised any gains or losses held in this reserve are credited or expensed to the Surplus or Deficit on Provision of Services.

Financial Liabilities

A type of financial instrument that confers an obligation on the Council to transfer economic benefits under its control.

Financial Statements

Published document, consisting of the Balance Sheet, Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Cash Flow Statement and Notes to the Accounts.

Financial Year

The current year being reported upon running from 1 April to 31 March.

Five Year Financial Plan

The Councils Medium Term Financial Plan, setting out the financial projection for the Council over the coming 5 years.

Fixed Assets

See Non-Current Assets.

Flexi-Time

Time owed to employees who have worked above the contracted hours.

Gain

Where income exceeds expenditure.

General Provisions

Money set aside in the Balance Sheet where its future use is not known.

General Reserve

The reserve held by the County Council for general purposes, i.e. against which there are no specific commitments.

General Revenue Government Grants

Grant income received from Central Government (or Government Department) which is not restricted in its use.

Going Concern

The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.

Goods Or Services

Supplies required by the Council to perform its operations. Examples of goods; paper, bricks or light bulbs, and services; electricity, petrol or agency staff.

Grants

Payment towards the cost of local authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (formula grant).

Group Accounts

Where a Council has a controlling interest in another organisation, group accounts have to be produced. These accounts report the financial position of all of the group entities.

Hire Purchase

A contract for the provision of an asset which becomes the property of the lessee at the end of the contract period.

Historic Cost

The cash paid in obtaining an asset in its current form. Inclusive of purchase price and enhancement expenditure.

HM Revenue & Customs

Her Majesty's Revenue and Customs is a non-ministerial department of the UK Government responsible for the collection of taxes, the payment of some forms of state support, and the administration of other regulatory regimes including the national minimum wage.

HM Treasury

Her Majesty's Treasury, sometimes referred to as the Exchequer, or more informally the Treasury, is the United Kingdom government department responsible for developing and executing the British government's public finance policy and economic policy.

IFRIC

International Financial Reporting Interpretation Committee.

Immateriality

Immateriality is an expression of the relative insignificance or unimportance of a particular matter in the context of the financial statements as a whole.

Impairment

Impairment is the amount by which the carrying amount of an asset exceeds its recoverable amount.

Inception

The point in time which something began such as a project, contract or lease.

Income

Cash flows into the Council.

Income From Service Recipients

Consideration a party, that has contracted with the Council, has given in exchange for goods or services that are the output of the Council’s normal operating activites. Such a contract may be in writing, orally or in accordance with customary business practices.

Income In Advance

Income received before the point at which an obligation to receive it has occurred.

Infrastructure

A network and grouping of inalienable components, expenditure on which is only recoverable by continued use of the asset created i.e. there is no prospect of sale or alternative use. The inalienable components include carriageways, footways, cycle tracks, structures, street furniture, street lighting, traffic management systems and land.

Intangible Asset

Non-current assets which do not have physical form such as software.

Interest Accrued

Accrued interest is the interest on a bond or loan that has accumulated since the principal investment or since the previous coupon payment if there has been one already.

Interest Payable

The amount of interest due for payment within a financial year.

Interest Rate

The rate at which interest is calculated on a loan or investment.

Interest Receivable

The amount of interest due for receipt within a financial year.

International Accounting Standards (IAS)

Regulations outlining the method of accounting for activities, IAS's are currently being replaced with International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board.

International Financial Reporting Standards (IFRS)

Regulations outlining the method of accounting for activities, issued by the International Accounting Standards Board.

International Public Sector Accounting Standards (IPSAS)

Public Sector regulations outlining the method of accounting for activities.

Inventories

Goods purchased in advance of their use which are held in store.

Investment Property

Assets held solely for the purposes of rental generation or for increasing the value pre-sale (capital appreciation) or both.

Joint Venture

An organisation which the Council has partial control and ownership, but decisions require the consent of all participants.

Lease

Financial contract for the continuing use of an asset.

Lease Interest

The interest rate inherent within a lease allowing for regular rental payments and an adjustment for the time value of money.

Lease Payments

Regular payment made in exchange for the use of an asset.

Leases

A method of funding expenditure by payment over a defined period of time.

Lessee

The person or organisation that is using or occupying an asset under lease (tenant).

Lessor

The person or organisation that owns an asset under lease (landlord).

Liabilities

An obligation to transfer economic benefits. Current liabilities are payable within one year.

Loans And Receivables

Financial assets which are not quoted in an active market and have either a fixed or determinable payment.

Loan Modification

A change to the terms of an existing loan. Changes may include a reduction in the interest rate, an extension of the loan term, or a reduction in the principal balance.

Loan Modification Gain/Loss

An amount arising from adjusting the carrying value of a loan to reflect the cash flows under the renegotiated terms of the loan, but accruing interest at the rate specified in the original loan terms.

Long Term Debtor

Income due in more than 365 days of the balance sheet date.

Long Term Liability

Payment due in more than 365 days of the balance sheet date.

Loss

Where expenditure exceeds income.

Loss Allowance

A reduction to the value of financial assets for the expected credit losses relating to those assets.

Materiality / Material

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Maternity Leave

Statutory time off due to pregnant women and new mothers.

Members

Elected Councillors responsible for the democratic leadership of the Council.

Members Allowances

Allowances paid to members in association with their roles and responsibilities.

Minimum Lease Payments

The minimum which will be paid or received over the life of a lease agreement.

Minimum Revenue Provision (MRP)

A prudent amount of revenue set aside to contribute towards capital expenditure which has been financed by borrowing or credit arrangements.

Misstatement

An error whereby something was included in the accounts wrongly.

Modern Equivalent Asset (MEA)

The MEA should give the same service and performance as the existing asset, but should use modern materials and technology.

Movement In Reserves Statement (MiRS)

The statement detailing the movement in the reserves of the Council.

Net Cost Of Services

The direct cost of delivering the Councils services after allowing for specific income received by those services.

Net Operating Expenditure

The cost of operational items which are not direct services, such as disposing of the Councils assets, after allowing for specific income received.

Net Realisable Value

The estimated selling price of an asset in the ordinary course of operations less any completion costs and costs to make the sale, exchange or distribution.

Non Distributed Costs

The value of revenue operating expenditure that is not able to be apportioned to one of the authorities core service areas.

Non-Accumulating Absences

Types of leave an employee may take in a financial year, which if are not taken do not get added to the following year’s entitlement. For example Sick Leave.

Non-Current Assets

Assets that yield benefits to the Council for a period of more than one year, examples include land, buildings and vehicles.

Non-Vesting

An obligation which cannot be settled by a monetary payment.

Notes To The Accounts

A set of supplementary comments, tables and information which further explains the main Financial Statements.

Obligation

The requirement to transfer economic benefits.

Operating Lease

A lease where an asset is used only for a small proportion of its economic life.

Operational

The normal activities of the Council.

Past Service Cost

Past service cost is the change in the present value of defined benefit obligations caused by employee service in prior periods.

Payment In Advance

A payment made which is before the point of any obligation.

Pension Liabilities

The cost, calculated by an Actuary, of providing the current members of a pension scheme with retirement benefits as set out in the pension scheme rules.

Pensions Costs

The benefits paid by the Council which are accrued during the period of employment and paid to ex-employees after retirement.

PFI

See Private Finance Initiative.

PFI Credits

The financial support provided to Local Authorities to part fund PFI capital projects.

Pooled Investment Funds Adjustment Account

This reserve contains the cumulative gains and losses related to pooled investment funds measured at FVPL as required by the statutory override effective for financial years 2018-19 to 2022-23.

Premium

A payment made in association with the early repayment of debt.

Pre-Payments

See payment in advance.

Present Value

See Discounted.

Previous Year Adjustments

These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors.

Principal

The amount of repayment to a lender which relates to the reduction in the loan, rather than the interest paid on the loan.

Private Finance Initiative (PFI)

A Government initiative that enables, through the provision of financial support, Authorities to carry out capital projects through partnership with the private sector.

Projected Unit Method

This is a common actuarial funding method to value pension scheme liabilities.

Property, Plant And Equipment Assets (PPE)

Assets with a long Term value and physical substance such as buildings, land, IT equipment or vehicles.

Provisions

Potential costs that the Council may incur in the future because of something that happened in the past, which are likely or certain to be incurred and a reliable estimate can be made to the costs.

Prudent

A cautious approach to present the Financial Statements without significant risk of failure to achieve the assets presented.

Quoted Market Prices

A method of determining the fair value of financial assets via prices quoted on an active market.

Recognition

The process upon which assets are deemed to belong to the Council ether by purchase, construction or other form of acquisition.

Receivable

The Council's unconditional right to receive consideration in exchange for goods or services that it has transferred to a service recipient.

Residual

The remaining value in an asset at the end of a contract or lease.

Retirement Benefits

Remuneration package received by employees after their retirement from the Council.

Retrospectively

Changes made to previous years accounts to alter the treatment which has previously been reported.

Revaluation Gain

The increase to the fair value of an asset following a valuation.

Revaluation Reserve

This reserve contains revaluation gains on assets recognised since 1 April 2007 only, the date of its formal implementation.

Revenue

The cost associated with providing Council services.

Revenue Expenditure

Expenditure which is not capital.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)

This is expenditure that is classified as capital although it does not result in the creation of a fixed asset.

Revenue Grant

Grant which is not capital.

Risk

The chance of an asset not coming to fruition or a liability being greater than anticipated.

Royal Institute Or Chartered Surveyors (RICS)

An international organisation who represent everything professional and ethical in land, property and construction.

Salaries And Wages

Payments made to employees in exchange for service worked at the Council.

Service Concession Arrangements

Arrangements which involve the supply and maintenance of assets and service delivery.

Service Costs

Reflects the element of annual payment for PFI or Leased assets which is in relation to services provided within the contract.

Service Expenditure Reporting Code of Practice (SERCOP)

CIPFA guidelines on reporting revenue expenditure.

Service Level Agreements

Contract of service.

Short Term

Less than 365 days from the balance sheet date.

Short Term Benefits

Employee benefits earned and consumed during employment.

Significant

A measure of materiality where the value is deemed to be almost all of the total value in question.

Soft Loans

Low interest rate loans.

Spot Yields

A calculation of the projected return on bonds if held to maturity.

Staff

See employee.

Statute

Set out in legislation.

Straight Line Basis

The method of calculation of depreciation to allocate an equal amount of depreciation each year over an asset's useful life.

Support Services

Indirect costs of providing Council services including HR, Finance, Legal and Property Maintenance.

Surplus
Arises when income exceeds expenditure or when expenditure is less than available budget.
Surplus Assets
Assets which are no longer in operation.
Tangible
Physical, can be touched.
Tenant
The person or organisation that is occupying an asset under lease.
Termination Benefits
Employee benefits paid upon termination of employment such as redundancy.
The Code
CIPFA guidelines on accounting within Local Government.
Transactions
Individual items of income or expenditure.
Treasury Management
Utilisation of cash flows through investments and loans.
Unidentified Income
Income received by the Council where the reason for the income is unknown.
Unusable
Balances which are not available to support future spending.
Usable
Balances which are available to support future spending.
Useful Life
The period with which an asset is expected to be useful to the Council in its current state.
Value Added Tax
National taxation charged on goods and services.
Vesting
Obligation due which can be paid in cash.
Work In Progress
The fair value of incomplete contracts for goods and services which are to be charged to external customers.

Public

Statement of Accounting Policies

For the Year Commencing 1 April 2023

Version History			
Version	**Date**	**Detail**	**Author**
0.01	24 02 2023	Latest Accounting Policies 2022-23. Reported to Audit Committee in March 2023 (Appendix One).	S Holmes
0.02	To 02 03 2023	Further review by Capital and Technical Sections	W Round S Holmes
1.0		Review by Finance Manager and Interim Director of Finance and ICT	E Scriven P Stone

This document has been prepared using the following ISO27001:2013 standard controls as reference:	
ISO Control	**Description**
A.8.2	Information classification
A.7.2.2	Information security awareness, education and training
A.18.1.1	Identification of applicable legislation and contractual requirements
A.18.1.3	Protection of records
A.18.1.4	Privacy and protection of personally identifiable information

ACCOUNTING POLICIES

INTRODUCTION

The Accounting Policies for Derbyshire County Council (the Council) have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code for Local Authority Accounting (the Code). Where there is no specific guidance in the Code, the Council has developed its own accounting policy which is aimed at creating information which is:

- Relevant to the decision-making needs of users; and
- Reliable, in that the financial statements:
  - Represent fairly the financial position, financial performance and cash flows of the entity;
  - Reflect the economic substance of transactions, other events and conditions and not merely the legal form;
  - Are neutral i.e. free from bias;
  - Are prudent; and
  - Are complete in all material respects.

This document outlines how the Council will account for all income, expenditure, assets and liabilities held and incurred during the financial year.

The accounting policies of the Council are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the authority's accounts.

The Accounting Policies of the Council as far as possible have been developed to ensure that the accounts of the Council are understandable, relevant, free from material error or misstatement, reliable and comparable. A Glossary of Terms can be found at the end of this document.

The document has been divided into four distinct categories which are Accounting Principles, Capital Accounting, Revenue Accounting and Treasury Management, with each policy being assigned a policy number.

ACCOUNTING PRINCIPLES

1.1. Going Concern

The Council prepares its accounts on the basis that it remains a going concern; that is that there is the assumption that the functions of the Council will continue in operational existence. In the case of a pending local government reorganisation, where assets and liabilities are due to be redistributed, the Council would still account on the basis of going concern as the provision of services would continue in another Council.

1.2. Accruals Concept

The Council accounts for income and expenditure in the period in which the provision of goods or service has taken place, rather than when cash payments are received or made.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Equally, where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (income in advance) or debtor (payment in advance) is recorded in the Balance Sheet.

1.3. Cost of Services

Internal support service costs (e.g. Human Resources) are apportioned across the core service areas to represent the total cost of delivering that service to the public, in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SerCOP).

Where possible the full cost of support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties, or any other operational cost that cannot be reasonably attributed to a specific service.

1.4. Value Added Tax

Income and expenditure treated as either capital or revenue, excludes any amounts related to VAT. All VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from the same. Any amounts outstanding (payment or receipt) at the year-end date is held as a creditor or debtor after netting off the amounts either due or owed.

1.5. Changes in Accounting Policy

Where there is a known future change in accounting policy required by the CIPFA Code, the Council will disclose the following in the notes to the accounts:

- The nature of the change in accounting policy;

- The reasons why applying the new accounting policy provides reliable and more relevant information;
- For both the current reporting period, and the previous year comparatives reported, the extent to which the change in accounting policy would have impacted on the financial statements if it had been adopted in that year;
- The amount of adjustment relating to years previous to those reported in the set of financial statements, had the proposed policy been adopted retrospectively;
- If retrospective application is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

The Council will also disclose information relating to an accounting standard which has been issued but not yet adopted.

1.6. Prior Year Adjustments

These typically arise from omissions and misstatements in the Council's financial statements for one or more prior periods. For the error to be a prior year adjustment, it would need to have arisen from a failure to use or misuse, reliable information that:

a) Was available when financial statements for those periods were authorised for issue; and
b) Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, misunderstanding in applying accounting policies, oversights or misinterpretations of facts, and fraud.

They may also arise for reasons such as changes in Accounting Standards, which are required to be applied retrospectively.

Where required changes are thought to be significant, an adjustment will be entered into the financial statement's comparative year balances, and the columns headed 'restated'. In addition, full disclosure as to the nature, circumstance and value of the adjustment will be disclosed in the notes to the accounts.

Errors which are found and are not significant will not result in a prior year adjustment and will be corrected as a current year entry. In addition, errors as a result of information which was not known to the Council or could not have reasonably been obtained by the Council when the accounts were authorised for issue will also be treated as an in year adjustment.

1.7. Unidentified Income

All unidentified income received is initially coded to an income suspense account. Individual amounts below £10 are written off due to immateriality. Weekly updates of the content of the suspense accounts are circulated to finance departments, to ensure the balances are cleared quickly. Any items of income below £10,000 which remain unidentified for six months will be written off. Items above £10,000 will be written off after 12 months.

1.8. Events after the Balance Sheet Date

Where there is a material post balance sheet event before the date the accounts are authorised for issue, a disclosure in the notes to the accounts will be included. If this event provides additional evidence of conditions that existed at the Balance Sheet date, and materially affects the amounts to be included in the accounts; adjusting items will be shown in the accounts.

1.9. Exceptional Items

Exceptional items will have been disclosed separately on the face of the Comprehensive Income and Expenditure Statement and details will be disclosed in the notes to the accounts.

1.10. Contingent Assets and Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. They are not recognised in the Balance Sheet but disclosed in a note to the accounts.

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

CAPITAL ACCOUNTING

1.11. Recognition of Capital Expenditure (de-minimis Policy)

In accordance with International Accounting Standard 16 (IAS 16), the Council recognises non-current assets as:

- Assets where it is expected that future economic benefit or service potential will flow to the Council.
- Assets where the cost can be measured reliably.

and defines them as:-

- Assets held for use in the production or supply of goods or services, rental to others, or for administrative purposes.
- Assets expected to be used for more than one financial period.

The initial measurement of an asset is recognised to be:

- Purchase price, construction cost, minimum lease payments or equivalent including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

- Costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- Initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located, the obligation for which the Council incurred either when the asset was acquired or as a consequence of having used the asset during a particular period for purposes other than producing inventories during that period.

Subsequent expenditure are costs incurred to add to, replace part of, or service the asset, but do not include day-to-day repairs and maintenance and are treated as capital when

- The expenditure will substantially increase the market value of the asset.
- The expenditure will substantially increase the extent to which the Council can use the asset for the purpose, or in conjunction with the functions of the Council.

Where a component is replaced, the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected in the carrying amount, subject to the recognition principles as set out above.

The Council has two levels of de-minimis for recognition of capital expenditure, £10,000 and £500,000:

- £10,000 and below – all expenditure at this level is deemed to be non-enhancing unless funded by a Capital grant, and therefore is charged to revenue as it is incurred. This includes initial recognition of assets and subsequent asset expenditure.
- Above £500,000 - expenditure meeting the definitions above will be treated as capital expenditure, either as initial recognition or as an enhancement. However, in order to ensure that the subsequent asset expenditure is enhancing the value of the asset, the Council will instruct a valuation of the asset by a Royal Institute of Chartered Surveyors (RICS) qualified valuer, and any impairment or additional enhancement recognised as necessary.
- Any expenditure above £10,000 and below £500,000 will be treated as capital expenditure as the amount is significant enough to increase the useful life of an asset, however is not material enough to warrant individual impairment review, until the time the asset would normally be valued.

Capital Assets are held on the balance sheet as non-current assets, unless otherwise stated.

The Council has assessed whether Voluntary Aided, Voluntary Controlled and Foundation Schools should be included within the balance sheet, based upon an assessment of ownership and control of the assets. Maintained schools are already held on the balance sheet as the Council controls these entities and therefore all transactions relating to maintained schools are recognised in these accounts. Other types of schools such as Voluntary Aided, Voluntary Controlled and Foundation schools are subject to a test of ownership. The Council recognises a school's assets on its balance sheet where it directly owns them and/or the Council retains substantive rights over the assets and the future economic benefits/service potential of school assets flow to the Council or rights to use the assets have been transferred from another entity.

1.12. **Donated Assets**

These are acquired at less than fair value or transferred for nil consideration. When the Council receives a donated non-current asset, the initial recognition of the asset will be at fair value.

Once any condition attached to the donation has been satisfied, the credit which is the difference between any cash payment and fair value will be treated as income in the Taxation and Non-Specific Grant Income and Expenditure line in the Comprehensive Income and Expenditure Statement. To ensure there is no impact on Council Tax this will then be reversed in the Movement in Reserves Statement and credited to the Capital Adjustment Account.

Until the condition has been satisfied the credit will be recognised in the Donated Assets account. If there is no condition, the recognition of the credit in the Comprehensive Income and Expenditure Statement will occur upon acquisition of the asset.

The fair value of an asset will be assessed upon acquisition; this will be provided by a RICS qualified valuer for property assets and another relevant valuation specialist for other types of asset. After initial recognition, donated assets are treated in the same way as similar owned assets.

1.13. **Non-Current Asset Classification**

The Council manages its assets in the following categories:

- **Intangible Assets**

  In line with International Accounting Standard 38 (IAS 38), the Council recognises intangible assets as non-monetary assets without physical substance, where that asset meets the capital expenditure criteria set out in Accounting Policy 1.11.

- **Property, Plant and Equipment Assets**

  Property Plant and Equipment Assets are subcategorised into Operational Assets: Land & Buildings, Community Assets, Vehicles Plant Furniture & Equipment, Infrastructure Assets, and Non-Operational Assets, these being Surplus Assets and Assets under Construction.

  - Land and/or Buildings Assets.

    These assets are recorded, valued and accounted for based on their significant components in line with IAS 16. The Council recognises a significant asset to be 25% of the total asset base within an asset class. A component would be recognised if its expenditure in a given financial year exceeds 25% of the total value of the significant asset and has a substantially different life to the overall asset:

- Combined Group containing Flat Roof & Mechanical Engineering (Internal Works i.e. boiler system)
- Land
- Temporary Buildings (sheds / portacabins)
- Combined group containing permanent structure, external works (i.e. car park), pitched roof and components of less than 25% of the overall structure value
- Other unique features (e.g. a swimming pool)

- Community Assets
  These are assets that the Authority intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal. There is little prospect for sale or change of use.

  If the asset is used for a specific operational purpose, it does not qualify as a community asset and should be valued accordingly.

- Infrastructure Assets
  These include all tangible (physical) assets required within the Council's road networks. There is no prospect for sale or alternative use of infrastructure assets; expenditure is only recoverable through continued use of the asset.

- Vehicles, Plant Furniture and Equipment Assets
  These assets are also classified as Property Plant and Equipment.

  Non-Operational Assets:

- Surplus Assets
  These are assets that are not being used to deliver services, and do not meet the criteria to be classified as either investment properties or held for sale. All surplus assets under IFRS13 which came into effect and were adopted by the Council from 1 April 2015 are to be valued at Fair Value and depreciated accordingly.

- Assets Under Construction
  These are assets which are in the process of being constructed and are not yet operational.

➢ **Investment Property Assets**

These are items of land and / or buildings held by the Council solely for the purpose of rental income generation or capital appreciation or both.

As such where there is a service of the Council being delivered from the property, this is not classified as Investment Property Assets. This includes where the intention of the asset is to generate economic growth to an area such as below market value rental.

Investment property that subsequently meets the criteria within the Code to be classified as held for sale shall continue to be accounted for as an investment property but may be reported separately as investment property held for sale.

Some Assets Under Construction may also be classified as Investment Properties where the intended eventual use is rental income generation or capital appreciation.

- **Heritage Assets**

Assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations are classified as Heritage Assets.

- **Assets Held for Sale**

The Council will classify Non-Current Assets as Held for Sale where all of the following criteria have been met:

- The asset must be available for immediate sale in its present condition. However, if a sale is dependent on planning permission being obtained, reclassification is suspended until that permission has been given.
- The asset's sale is highly probable.
- The asset must be actively marketed for sale.
- The completion of the sale is expected within 12 months from the date of classification.

In situations where it is not necessary to carry out active marketing, for example the Council is able to identify prospective purchases willing to pay a reasonable price without marketing or because the buyer initiates the transaction (such as a right-to-buy-sale) the actively marketed test is treated as 'not applicable', rather than failed.

Assets which become non-operational which do not meet all of the criteria set out as assets Held for Sale will be classified as surplus. If at a later point in time the asset no longer meets the criteria of Held for Sale, it is restored to its previous classification and all transactions which would have occurred shall be retrospectively applied as though the asset had never been held for sale.

Assets meeting the criteria as Held for Sale are held as current assets on the balance sheet as income is expected within 12 months.

It is possible that assets meeting the criteria to be Held for Sale; may undergo a change in circumstance beyond the control of the Council resulting in the sale being delayed beyond 12 months. In these instances, the Council follows the policies outlined for assets held for sale; however disclosure of the value for these assets is within non-current assets. Due to the circumstances around the definition, it is expected that this will occur very rarely.

1.14. **Non-Current Asset Valuation Methodology**

The various classifications of assets as outlined in Accounting Policy 1.13 are valued on a differing base. Where not explicitly stated otherwise, property revaluations are completed by a RICS qualified valuer (who is internal to the Council), over a 'short period', interpreted to mean on a five year rolling programme for each class of asset i.e. 20% of the Council's assets are revalued at 31 March for the financial year.

Where there is an upward revaluation, the carrying value is increased and the associated credit charged directly to the Revaluation Reserve. This is then reflected in the Comprehensive Income and Expenditure Statement as a revaluation gain. Where there is a revaluation resulting in a lower than carrying amount valuation, this is treated in line with Accounting Policy 1.15 – impairment of Non-Current Assets.

The Council, as per the reporting standard, values its assets and liabilities in accordance with section 2.10 of the Code of Practice on Local Authority Accounting in the United Kingdom to reflect the adoption of IFRS13 Fair Value Measurement at each reporting date except where adaptations to fit the public sector are detailed in the Code. However, Section 4.1 of the Code adapts IAS 16 to require that items of Property, Plant and Equipment that are operational and therefore providing a service potential for the authority are measured for their service potential at existing use value, existing use value – social housing, (depreciated) historic cost or depreciated replacement cost and not at fair value. Surplus assets are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability.

Fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Code requires Infrastructure Assets and Assets Under Construction (excluding Investment Property, see Section 4.4 of the Code) to be measured at historic cost. Community assets may either be valued in accordance with Section 4.10 of the Code, where the valuation option has been adopted, or measured at historic cost. The Council measures Community Assets at historic cost.

Heritage Assets will be valued in accordance with Section 4.10 of the Code.

The Code requires all other assets to be measured at Current Value and the basis of valuation will be determined using the following criteria:

- Depreciated replacement cost – specialised assets
- Existing use value – non-specialised assets
- Existing use value – social housing
- Fair value for the following assets:
    - Investment assets
    - Surplus assets
    - Assets Held for Sale (less costs to sell)

The Council uses valuation techniques, as required by the Code, which maximise the use of relevant observable inputs and minimise the use of unobservable inputs and that are appropriate in the circumstances and for which sufficient data is available.

Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability.

Unobservable inputs are inputs for which market data is not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The Council follows the fair value hierarchy which categorises inputs to the valuation techniques in respect of assets and liabilities into three levels for which fair value is measured or disclosed in the Council's financial statements, these include:

- Level 1 inputs – unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset or liability

Highest priority is given to Level 1 inputs (unadjusted) in active markets and lowest priority to Level 3.

Upon the revaluation of a Surplus Asset at the 31st March of the financial year, based on the inputs available at the date of valuation the valuer will establish the Code Valuation Input Level for the valuation and will compare this with the Code Valuation Input Level for the previous valuation. Where the Input Level is different from that of the previous valuation this will be specifically reported with the valuation together with a narrative description of the reasons and differing circumstances that have resulted in the change.

Valuations are completed under the Code as follows:

- **Intangible Assets –** the Council recognises Intangible Assets at cost. The Council will only revalue intangible assets annually where there is a determinable market value for the asset.

- **Property Plant and Equipment (PPE) –** Property Assets are held at current value which is the amount that would be paid for the asset in its existing use. This requirement is met by providing a valuation on the basis of Existing Use Value (EUV) in accordance with United Kingdom Practice Statement (UKPS) 1.3 of the RICS Valuation Standards. Where no other valuation method can be used because of the specialist nature of the asset, current value is estimated using a Depreciated Replacement Cost (DRC) approach. Vehicles, Plant, Furniture and Equipment, IT Hardware, and Assets Under Construction within PPE are held at historic cost (not valued).

- **Infrastructure Assets –** the Council recognises Infrastructure Assets at Depreciated Historical Cost.

- **Investment Property Assets –** Investment Properties are annually revalued at fair value which is interpreted as the amount that would be paid for the asset in its highest and best use, i.e. market value. An investment property under construction is measured at cost until such time as its fair value can be determined reliably or its construction us complete, whichever comes first. The fair value of Investment Property held under a lease is the lease interest.

- **Community Assets –** the Council recognises Community Assets at historic cost.

- **Heritage Assets –** where it is possible to determine a valuation for Heritage Assets, then the Council will recognise the asset in the Balance Sheet at that valuation. Where a valuation has been applied to this class of assets, other than a historic valuation, a range of valuation bases have been used which include external valuations, curatorial valuations and a limited number of cases of insurance valuations. Where a curatorial valuation has been applied the valuation is dependent upon the experience and knowledge of the Derbyshire Museums Manager. However, where it is not practicable to obtain a valuation the asset will be carried at historic cost. Where information on cost or value is not available all Heritage Assets will be disclosed in the notes to the accounts, even where they are not recognised in the Balance Sheet. Where there is evidence of impairment to Heritage Assets e.g. where an item has suffered a physical deterioration or breakage or new doubts arise as to its authenticity, any impairment is recognised and measured in accordance with the Council's general policies on impairment.

- **Assets Held for Sale –** Non-Current Assets Held for Sale are, at initial classification and at the end of each reporting year, valued at the lower of carrying amount and fair value less costs to sell and depreciation on these assets should cease.

- **Surplus Assets -** Surplus assets are valued at Fair Value in accordance with the Code.

1.15. **Impairment of Non-Current Assets**

This accounting policy has been created in accordance with IAS 36.
Impairment is the amount to which the carrying value of an asset exceeds the recoverable amount.

At the end of each reporting period the Council assesses whether there is any indication that an asset may be impaired.

The Council recognises impairment as:

- A significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period that is specific to the asset;
- Evidence of obsolescence or physical damage of an asset;
- A commitment by the Council to undertake a significant reorganisation; and
- A significant adverse change in the statutory or other regulatory environment in which the Council operates.

Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains). Any further impairment or if there has been no previous revaluation, the impairment is charged to revenue. This is then reversed through the Movement in Reserves Statement and charged to the Capital Adjustment Account.

1.16. **Disposal of Non-Current Assets**

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Sale proceeds in excess of £10,000 are categorised as Capital Receipts. Receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are transferred to the Reserve from the movement in reserves statement. The value of the asset is transferred to the Capital Adjustment Account via the Movement in Reserves Statement.
Sale proceeds of £10,000 and below are credited straight to the Comprehensive Income and Expenditure Statement.

1.17. **Depreciation / Amortisation Methodology**

In order to recognise the total cost of using fixed assets, the Council has a policy to depreciate assets on a straight line basis over their useful economic life, reducing the value of the asset, and charging the relevant revenue service expenditure. However, under statute, depreciation is not chargeable to the taxpayer, the Council removes this charge through the Movement in Reserves Statement and charges it to the Capital Adjustment Account.

The Council charges depreciation on a pro-rata basis during the year i.e. from the month of acquisition to the month of disposal.

The economic lives of assets are:

- **Intangible Assets –** 5 years.

- **Property Plant and Equipment**
    - Combined Group for Flat Roof and Mechanical Engineering – 20 years
    - Land – not depreciated
    - Temporary Buildings – 15 years
    - Modular Buildings – 25 years
    - Combined group for structure, external works, pitched roof and components of less than 25% of the overall structure value – 40 years
    - Other unique features (i.e. a swimming pool) – as required
    - Fixtures and Fittings – 10 years
    - IT Hardware – 5 years
    - Vehicles – 3 to 10 years

- **Infrastructure Assets**
    - Carriage ways – 40 years
    - Footways and cycle tracks – 40 years
    - Structures – 40 years
    - Lighting – 25 years
    - Traffic management – 25 years
    - Street furniture – 25 years

- **Investment Property Assets –** not depreciated

- **Community Assets –** Community Assets are assets that an authority intends to hold to perpetuity which have no determinable useful lives and as such are not depreciated.

- **Assets Held for Sale –** are not depreciated

- **Assets Under Construction –** are not depreciated

- **Heritage Assets (with indefinite lives) –** are not depreciated

1.18. **Leases**

In line with IAS 17, the Council recognises a lease to be any agreement which transfers the right to use an asset for an agreed period in exchange for payment, or a series of payments.

This includes leases, hire purchase, rental, contracts of service, service level agreements and any other arrangement where the ability to use an asset is conveyed.

1.19. **Defining a Finance Lease**

A finance lease is where substantially all of the risks and rewards relating to ownership transfer to the lessee.

Tests to give an indication of the transfer of risk and reward are:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised
- If the lease term is for the major part of the economic life of the asset even if the title is not transferred. Measures to identify this are:
    - The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.
    - The Council recognises 'major part' to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Measures to identify this are:
    - Fair value of the leased asset is assessed by a RICS qualified valuer.
    - The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.
    - If this rate cannot be determined the incremental borrowing rate applicable for that year is used.
    - The Council recognises 'substantially all' to be 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).
- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

A suitably experienced accountant, with assistance from qualified valuers, will make a judgement based on the level of risk and reward held by the Council as to whether a lease is operating or finance.

1.20. **Defining an Operating Lease**

The Council recognises an operating lease to be a lease which is not a finance lease.

1.21. **Lessee Accounting for a Finance Lease**

Where the Council is tenant in a property, or is, by definition of IFRIC 4, leasing an asset which is deemed under IAS 17 to be a finance lease the Council will recognise that asset within the asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the property, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made.

1.22. **Lessor Accounting for a Finance Lease**

Where the Council is the lessor for a finance lease, the asset is not recognised in the asset register; however, a long term debtor at the present value of minimum lease payments is recognised. Income received is split between capital - credited against the debtor, and finance income – credited to the Comprehensive Income and Expenditure Statement as interest receivable.

1.23. **Lessor Accounting for an Operating Lease**

Where the Council is the lessor for an operating lease, it will retain the property as either an item of Property Plant and Equipment or as an Investment Property on the Balance Sheet. Any rental income is credited to the relevant service income.

1.24. **Service Concession Agreements (Private Finance Initiative (PFI) and other similar contracts)**

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. PFI and similar contracts are assessed against criteria within IFRIC 12 Service Concession Arrangements to determine whether the risks and rewards incidental to ownership lie with the Council or the contractor.

Those which lie with the contractor – payments made during the life of the contract are chargeable to revenue as incurred.

Those which lie with the Council – are recognised as an asset in the Balance Sheet for the construction costs of the asset. Once recognised this asset is treated in line with all capital assets. A corresponding long-term liability is also recognised at the construction value. Payments made during the life of the contract are split into finance costs, capital costs and service costs. Determining the split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement. Finance costs are chargeable to the Comprehensive Income and Expenditure Statement as Interest payable. Capital Costs reduce the level of liability in the Balance Sheet. Service costs are chargeable to the relevant revenue service expenditure. Pre-payments or Dowry payments reduce the level of liability at the start of the contract.

PFI Credits are treated as general revenue government grants.

1.25. **Capital Grants and Contributions**

The Council recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions and donations are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.

Any grant received before these recognition criteria were satisfied would be held as a creditor. Any grant which had met the recognition criteria but had not been received would be shown as a debtor. This is in line with the Accruals Concept Policy.

Once the recognition criteria above have been satisfied, capital grants are recognised as income in the Comprehensive Income and Expenditure Statement.

In order to not impact on the level of Council Tax, the Council removes the credit from the General Reserves through the Movement in Reserves Statement and makes a credit to the Capital Grants Unapplied Reserve.

Once expenditure has been incurred on the related asset, the credit is removed from the Capital Grants Unapplied Reserve and credited to the Capital Adjustment Account.

1.26. **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred that either may be capitalised under statutory provisions or is capital in nature but does not result in the creation of a fixed asset that is owned by the Council. REFCUS is charged as expenditure to the Comprehensive Income and Expenditure Statement in the year, however, is financed from existing capital resources or by borrowing. A transfer between the Capital Adjustment Account and the Movement in Reserves Statement then reverses out the impact on the general fund balance.

1.27. **Minimum Revenue Provision (MRP)**

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement.

The Council will provide for 2.5% of debt outstanding on all debt as at 31 March 2008. On any new debt since this date the Council will provide 2.5% of the balance on all borrowing, unless any unsupported borrowing relates to any significant assets with a life of less than 20 years. In this case an annual amount based on the expected useful life of the individual assets is used and where those assets are vehicles then an average life of five years is used.

The Council has adopted the policy of charging MRP for PFI and Leased Assets at the value of the associated loan liability repayment each year, thus mitigating the impact to the General Reserve.

1.28. **Capital Reserves**

The Council holds Capital Reserves for the purpose of financing capital expenditure. Reserves will be disclosed as either usable (available to fund capital expenditure) or unusable (reserves held as a result of timing differences associated with recognition of capital expenditure and related financing).

Movements in capital reserves are accounted through the Movement in Reserves Statement.

REVENUE ACCOUNTING

1.29. **Recognition of Revenue Expenditure**

The Council recognises revenue expenditure as expenditure which is not capital.

1.30. **Employee Costs**

In accordance with IAS 19, the Council accounts for the total benefit earned by employees during the financial year.

Employee Costs are split into 3 categories; short term benefits, termination benefits and pensions costs.

Short Term Employee Benefits

- **Salaries and Wages –** The total salary and wages earned by employees during the financial year are charged to the Comprehensive Income and Expenditure Statement. Where the amount accrued exceeds the amount paid at the 31 March, a creditor will be reflected in the accounts.

- **Leave Owed, Accumulating Absences –** The Council allows employees to earn time off in one period with the resulting cost to the Council in a later period when that time is either taken off or paid to the employee. Examples of this accumulating leave are annual leave, flexi-time and time off in lieu.

  If an employee were to leave the Council, cash payment would be made for entitlements such as annual leave; this leave is termed vesting. Where no cash payment would be due, the leave is termed non-vesting.

  In order to correctly reflect the cost of time owed to staff, a charge has been made to the Comprehensive Income and Expenditure Statement and a creditor accrual has been reflected in the Balance Sheet. This charge is reflective of the estimated time cost value of all accumulating leave owed to employees. Vesting leave will be charged in full; however non-vesting leave has been adjusted to reflect the turnover of staff.

- **Easter Bank Holiday –** When Good Friday and/or Easter Monday fall in April, the preceding financial year only accounts for 6 or 7 bank holidays rather than the statutory 8. When this occurs, a charge is made to the Comprehensive Income and Expenditure Statement and a creditor accrual is reflected in the Balance Sheet.

- **Non-accumulating Absences –** are periods of leave that cannot be carried forward for use in future periods. Examples include Maternity Leave, Special Leave, Sick Leave and Jury Service. The Council does not recognise non-accumulating compensated absences until the time that the absence occurs.

- **Non-monetary Benefits –** Where employees have non-monetary benefits (e.g. retirement benefits or life insurance), the associated cost of providing that benefit has been charged to the Comprehensive Income and Expenditure Statement.

Termination Benefits

- **Redundancy Costs –** The obligation to pay redundancy costs occurs when there is a formal plan to create redundancies. The plan would include the location, function and approximate number of employees affected; the termination benefits offered; and the time of implementation. When these recognition criteria have been met the Council recognises the costs associated with this in the service revenue expenditure and creates a creditor in the Balance Sheet. Where the payable amount is due in more than 12 months from the year end date, the costs are discounted at the rate determined by reference to market yields. In the case of an offer to encourage voluntary redundancy, the Council has recognised the estimated cost based on the expected number of employees taking the offer.

The Council will disclose details of exit packages within the notes to the accounts.

Pensions Costs

- **Teachers' Pension Scheme –** is a defined benefit scheme administered by the Department for Education. The assets and liabilities of the Teachers' Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Children and Education Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

- **Local Government Pension Scheme –** is a defined benefit scheme. The liabilities of the scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions such as mortality rates and employee turnover rates, and projections of earnings for current employees.

  Pension liabilities are measured using the projected unit method, discounted using the rate on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of "spot yields" on AA rated corporate bonds.

The change in the net pension liability is analysed into seven components:

- Current Service Cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement within the relevant service area dependant on staff employed at the Council. The current service cost includes an allowance for administration expenses
- Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- Gains/Losses on Settlements and Curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement
- Interest Income on Plan Assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement
- Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Movement in Reserves Statement.
- Employer Contributions – cash paid by the Council to the Pension Fund.

In relation to retirement benefits, statutory provisions require the General Reserve to be charged with the amount payable by the Council to the Pension Fund in the year, not the amount calculated according to the relevant accounting standards. Adjustments are therefore made in the Movement in Reserves Statement.

➢ **Early Retirement, Discretionary Payments –** the Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies which are applied to the Local Government Pension Scheme.

1.31. **Lessee Accounting for an Operating Lease**

Costs associated with operating leased assets where the Council is the lessee are charged immediately to the Comprehensive Income and Expenditure Statement within the Net Cost of Services on an accruals basis.

1.32. **Revenue Grants and Contributions**

Grants, contributions and donations (referred to as grants for the purposes of this policy) are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (income in advance). Any grant which had met the recognition criteria but had not been received would be shown as a debtor.

Revenue grants will either be received to be used only for a specific purpose or can be used for general purpose. Those for a specific purpose are recognised in the Comprehensive Income and Expenditure Statement within the Net Cost of Services. Those which are for general purpose are shown within Other Operating (Income) and Expenditure in the Comprehensive Expenditure and Income Statement.

1.33. **Income from Service Recipients**

Income from service recipients is defined as consideration that a party, which has contracted with the Council, has given in exchange for goods or services that are the output of the Council's normal operating activities. Such a contract may be in writing, orally or in accordance with customary business practices. These may include:

- Charges for service provided by the Council.
- Sale of goods provided by the Council.
- Fees and charges for services under statutory requirements where there is an exchange of assets or services, such as the issuing of a licence or processing of an application.

In such cases the Council recognises income when it has satisfied the performance obligation by transferring the promised goods or services to the service recipient. The point of transfer is when the service recipient takes control of the goods or benefits from the service.

The Council deems performance obligations to be satisfied over time, rather than at a point in time if any of the following criteria are met:

- The service recipient simultaneously receives and consumes the benefits of a service.
- The Council's performance enhances an asset that the service recipient controls.
- The Council has an enforceable right to payment for performance completed to date and that performance does not create an asset for which it has an alternative use.

Such income is recognised in the Comprehensive Income and Expenditure Statement within the Net Cost of Services.

1.34. **Provisions**

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate service revenue account in the year that the Council recognises an obligation, based on the best estimate of the likely settlement. When payments are eventually made, it is charged to the provision. Where payment is not expected for more than 365 days after the balance sheet date, the provision has been discounted using the rate of a high quality corporate bond.

Estimated settlements are reviewed at the end of each financial year and adjustments with the Comprehensive Income and Expenditure Statement are made as required.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received if the obligation is settled.

The Council does not hold any general provisions.

1.35. **Revenue Reserves**

The Council holds usable revenue reserves for the purpose of funding future expenditure. The General Reserve represents the balance of reserves to meet short term, unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed over the period of the Five Year Financial Plan. Earmarked Reserves represent balances where approval has been received to use the reserve for a specific purpose.

Unusable revenue reserves represent timing differences such as those associated with the recognition of retirement benefits, Council tax income and financial instruments.

Movement in reserves are accounted through the Movement in Reserves Statement.

The Council publishes a separate Reserves Policy document, which is reviewed by Cabinet at least annually.

1.36. **Research Costs**

Research costs should be treated as revenue expenditure at the point in which they are incurred and charged to the Comprehensive Income and Expenditure Statement.

1.37. **Members' Allowances**

The Council in exercise of the powers and duties conferred by the Local Authorities (Members' Allowances) (England) Regulations 2003, has established a Members Allowance Scheme, outlining the allowances payable to Members of the Council.
Members are reminded of the need to keep detailed supporting information, such as a diary, about every attendance for which they claim. This information should be available for scrutiny by the Council's Auditors or other relevant persons as and when required. The scheme is updated annually, and full details are available on the Council's website.

The total amount paid in terms of Members Allowances is disclosed in the notes to the accounts.

1.38. **Council Tax and Business Rates Recognition**

Council Tax and Business Rates income included in the Comprehensive Income and Expenditure Statement includes the Council's share of accrued income recognised by billing authorities in the production of the Collection Fund Statements.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

1.39. **Inventories and Work in Progress**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Inventory is recorded in terms of average cost, with the exception of fleet parts where the cost is recorded on a first in, first out basis.

Work in progress is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

1.40. **Loss Allowance for Expected Credit Losses**

The Council maintains a loss allowance for any amounts it is due to receive from its debtors or investments which might become uncollectable.

Credit risk is assessed based on the expectation of a debtor's or an investment issuer's ability to pay future cash flows due under the contractual terms. This risk is estimated, where possible, based on historical loss experience, the debtor's or investment issuer's credit rating and other impacting factors including forward-looking information.

The loss allowance for an investment is initially measured at an amount equal to the portion of the lifetime credit losses which might be expected from a default event within 12 months of the balance sheet date. If the Council considers that the risk of default on an investment has increased significantly since the investment was initially recognised it will measure the loss allowance at an amount equal to the total lifetime credit losses expected from a default event.

At each Balance Sheet date, the Council makes a two-stage assessment of significant increases in credit risk since initial recognition:

- Firstly, whether there is evidence of a significant increase for an individual debtor or investment that is significant, and
- Secondly, whether there is evidence of a significant increase for groups of similar debtors or investments.

The Council adopts the simplified approach of measuring the loss allowance for debtors at an amount equal to the total lifetime credit losses expected from a default event, from the time a debtor is initially recognised.

No loss allowance is recognised for expected credit losses where the debtor or investment issuer is central government or another local authority for which relevant statutory provisions prevent default.

Loss allowances are offset against the debtor or investment amount shown as an asset. The movement in the allowance is charged to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

TREASURY MANAGEMENT

1.41. **Definition of Treasury Management Activities**

The Council has adopted the following definition of Treasury Management activities:

The management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

The Council acknowledges that effective treasury management will provide support towards the achievement of its service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

1.42. **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in the value.

1.43. **Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost.

Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus any interest accrued to 31 March and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Any premiums or discounts, incurred on the early repayment of loan debt, arising from 1 April 2007 are taken immediately to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement in the year of repayment. However, the amount is then credited or debited to the General Reserve and transferred to the Financial Instruments Adjustment Account via the Movement in Reserves Statement as required by statute.

The regulations allow that the premium or discount is amortised over periods specified in the statutory guidance. In accordance with the guidance the Council has a policy of spreading the premium or discount over the remaining term of the original loan, or a minimum of 10 years in the case of discounts. This amortisation is managed by a transfer from the Financial Instruments Adjustment Account to the General Reserve via the Movement in Reserves Statement.

Where a loan has been restructured, by a modification to the terms of the existing loan or by an exchange of debt instruments with the existing lender, and the terms are substantially different, the original financial liability is extinguished and a new financial liability is recognised. The difference between the carrying amount of the new and extinguished liability and any consideration transferred is recognised in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Where the terms of a loan debt exchange or the modification to the terms of an existing loan are not substantial, the carrying amount of the liability is adjusted to the value of the remaining cash flows required by the new terms, including any premiums or discounts paid/received, discounted to present value at the original loan's effective interest rate. Any gain or loss on modification is credited and debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

A modification of terms is deemed to be substantially different if the present value of the cash flows under the new terms, including any premiums or discounts paid/received, is at least 10% different from the present value of the cash flows under the old terms. In both cases the present value is calculated by reference to original loan's effective interest rate.

1.44. **Financial Assets**

Financial assets are classified into three types according to the Council's business model for managing those assets and the characteristics of the cash flows of the asset:

1) **Financial Assets Measured at Amortised Cost** – assets where it is the Council's intention to hold the asset to collect the contractual cash flows and those cash flows consist solely of payments of principal and interest which arise on specified dates

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus any interest accrued to 31 March and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. However, the Council could make loans to organisations at less than market rates (soft loans).

When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Reserves is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Reserves is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Investments are represented on the balance sheet depending on their remaining life at the Balance Sheet date:

- Investments entered into for 90 days or less - debited to the cash balance as cash equivalents and represented within the cash flow statement.
- Investments entered into for more than 90, with less than 365 days until maturity – debited to current asset investments
- Investments due to expire in more than 365 days – debited to non-current asset investments

2) **Financial Assets Measured at Fair Value Through Other Comprehensive Income** – assets where it is the Council's intention to hold the asset both to sell the asset and to collect the contractual cash flows and those cash flows consist solely of payments of principal and interest which arise on specified dates, or assets which are equity instruments which it is the Council's intention to hold for more than 12 months and which the Council has irrevocably elected to present changes to their fair value in Other Comprehensive Income and Expenditure

These assets are initially measured and carried at fair value. Where the asset has determinable payments of dividends or interest, these are credited to the Comprehensive Income and Expenditure Statement. Interest receivable is based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Dividends are recognised when the Council's right to receive the payment has been established and the amount can be measured reliably.

Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

Changes in fair value are balanced by an entry in the Financial Instrument Revaluation Reserve and the gain/loss is recognised in Other Comprehensive Income and Expenditure and the Movement in Reserves Statement. Impairment of these assets, due to expected credit losses, is charged to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement and credited to a loss allowance account which reduces the carrying value of the financial asset. Any gains and losses that arise on de-recognition of the asset are credited/debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

3) **Financial Assets Measured at Fair Value Through Profit or Loss** – assets which are neither measured at amortised cost nor where changes to fair value are presented in Other Comprehensive Income and Expenditure

These assets are initially measured and carried at fair value. Where the asset has determinable payments of dividends or interest, these are credited to the Comprehensive Income and Expenditure Statement. Interest receivable is based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Dividends are recognised when the Council's right to receive the payment has been established and the amount can be measured reliably.

Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

Changes in fair value are balanced by an entry in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

1.45. **Interests in Companies and Other Entities**

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

AA rated corporate bonds
Financial indicator of very good quality, low risk debt securities. These are assigned by credit rating agencies such as Moody's, Standard & Poor's and Fitch Ratings to have letter designations (such as AAA, B, CC).

Account
A group of expenditure items or balances with similar qualities will be summated into an 'account' balance such as an individual reserve account, or revenue expenditure account.

Accounting Policies
The Councils document outlining how it will account for all of its operations.

Accounting Principles
Commonly accepted set of concepts or assumptions that have to be followed when producing financial statements.

Accounting Standard
Statutory guidelines which explain how to treat financial activities in the financial statements. See International Financial Reporting Standards (IFRS).

Accrual
The accruals concept requires that the cost or benefit of a transaction is shown in the period to which the goods or services are received or provided, rather than when the cash is paid or received.

Accruals Concept
Requires operations of the Council to be reported in the financial statements at the point which they took place, rather than when the cash was paid or received.

Accumulating Absences
Types of leave which employees are entitled to each year; which if untaken in one financial year will be added to the entitlement for the following year.

Acquired / Acquisition
Operations or assets which have become the responsibility of the Council, such as through purchase, a Government reorganisation, donation or merger.

Actuarial
The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.

Actuaries
An actuary is a professional who deals with the financial impact of risk and uncertainty. Actuaries provide assessments of financial systems and balances.

Amortisation
The term used to describe the charge made for the cost of using intangible fixed assets. The charge for the year will represent the amount of economic benefits consumed for example wear and tear.

Amortised Cost – Financial Instruments
The valuation of a financial asset or liability based on repayments of principal, interest accrued at a constant rate and the difference between the initial amount recognised and the maturity amount. For financial assets this is adjusted by any loss allowance.

Amortised Cost – Other Non-Current Assets
The cost of intangible assets reduced by the amount of amortisation charged to date.

Annual Leave
Yearly entitlement of paid time off for Council staff.

Asset Register
Listing of all property (for example land, buildings, furniture, infrastructure, software) owned by the Council. The register holds all financial information relating to the asset.

Assets
Right or other access to future economic benefits.

Assets Held For Sale
Non-Current Assets which meet the relevant criteria to be classified as held for sale.

Assets Under Construction
Assets which are in the process of being constructed and are not yet operational.

Associates
An entity (including partnerships) which is not a subsidiary or joint venture, where the Council has significant influence.

Authorised For Issue
The date which the financial statements have been certified by External Audit and signed the relevant Officers and Members of the Council.

Balance Sheet
Shows all balances including reserves, long-term debt, fixed and net current assets, together with summarised information on the fixed assets held.

Balance Sheet Date
The date at which the Council reports its financial statements. For Derbyshire County Council, this date is the 31 March.

Bias
Influence or direction.

Billing Authorities
Councils who are responsible for issuing Council Tax Invoices and collection of income from local residents. The relevant share of that income is then transferred to the Council.

Borrowing Requirement
The amount required to be loaned from Money Markets or other financial institutions or Councils in order to support capital expenditure.

Business Rates
Local property taxation issued to businesses, similar to Council Tax on residential properties. Also known as National Non Domestic Rates (NNDR).

Cabinet
Sub-committee of elected Councillors representing the functions and portfolios of the Council.

Capital
Assets which have a long term value (more than one year) to the Council such as Buildings.

Capital Adjustment Account
Capital reserve largely comprising of resource applied to capital financing and is not available to the Council to support new investment.

Capital Appreciation
Increase in the worth of assets over time due to changes in market conditions or enhancements to the asset.

Capital Costs
Reflects the element of annual payment for PFI or Leased assets which is in relation to the reduction in the long term debt associated with the asset.

Capital Expenditure
Expenditure on the acquisition of, or enhancement to fixed assets. This cannot be merely to maintain the value of an existing asset.

Capital Financing Requirement
The Capital Financing Requirement measures the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income. It is a measure of the underlying need to borrow for a capital purpose.

Capital Grant
Grant which is intended to fund capital expenditure.

Capital Grants Unapplied Reserve
Balance of capital grants received which is available to finance future capital expenditure.

Capital Receipts
Income received from the sale or utilisation of property, such as sale proceeds or rental income on finance leases.

Capital Reserves
Reserve balances held for capital purposes.

Carrying Value
The amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

Cash Flow Statement
This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Cash Flows
Monies received or paid either as cash or bank transactions. Cash inflow denotes money received, cash outflow denotes money paid.

Chartered Institute of Public Finance And Accountancy (CIPFA)
The main authority on accountancy and financial management for the public services in the UK.

CIPFA Code

A publication produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) that provides comprehensive guidance on the content of a Council's Statement of Accounts

Collection Fund

The fund maintained by authorities who have responsibility to bill Council Tax and Non-Domestic Rate payers (billing authorities).

Collection Fund Adjustment Account

Revenue reserve to represent the difference between the income received by a local authority in Council Tax and the amount attributable to them.

Collection Fund Statements

The statutory financial statements produced as part of the Statement of Accounts by authorities who have responsibility to bill Council Tax and Non-Domestic Rate payers (billing authorities).

Community Assets

Assets which are held for the benefit of the community where there is no determinable useful life.

Comparative Year

The previous year to that which is being reported.

Component Accounting

The concept that individual parts of an asset (such as land, building, roof, sheds) should be treated differently in the financial statements dependent on the expected useful life or value of those individual parts. The concept expects that some parts of an asset require repair or replacement sooner than others.

Comprehensive Income And Expenditure Statement

Financial Statement detailing the revenue operations of the Council. This represents the private sector equivalent of a Profit and Loss Statement.

Condition

A requirement which must be met for an asset or liability to be recognised by the Council. For example, a donation which can only be spent within a specific service area such as museums or to support children.

Contingent Assets And Liabilities

A possible asset or obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

Contract Asset

The Council's right to receive consideration in exchange for goods or services that it has transferred to a service recipient where that right is conditional on something other than the passage of time (such as the Council's future performance).

Contract Liability

The Council's obligation to deliver goods or services to a service recipient for which it has already received consideration.

Contributions

Income received by the council which is not a grant, donation, fine, or in direct exchange for goods or services.

Core Service Areas

The services provided by the Council externally, such as education, highway maintenance and adult social care.

Corporate And Democratic Core

Costs associated with maintaining a democratic representation and management within the Council. For example Members Allowances and administrative costs associated with supporting elected Members.

Council

The Council comprises all of the democratically elected Councillors who represent the various electoral divisions.

Council Tax

Council Tax is a local taxation that is levied on dwellings within the local Council area, and funds all Council services.

Credit

A credit represents income to a revenue account.

Credit Loss

The difference between contractual amounts due to the Council and the amounts it expects to receive.

Creditor

Represents the amount that the Council owes other parties.

Current Service Cost

The current service cost is the increase in the value of the pension schemes future pension liabilities arising from the employees on-going membership of the pension scheme.

Current Value

IFRS13 introduces the concept of current value and defines it as the measurements that reflect the economic environment prevailing for a service or function the asset is supporting at the reporting date. Current value can be fair value, existing use value, existing use value – Social Housing and depreciable replacement cost.

Current Year Entry

A transaction which has occurred in the financial year being reported.

Curtailments

Materially reducing the expected years of future services of current employees or eliminating for a significant number of employees the accrual of defined benefits for some or all of their future services.

Debit

A debit represents expenditure against a revenue account.

Debt Outstanding

The remaining principal balance owed on a loans or investments.

Debtors

Represents the amounts owed to the Council.

Equity Instrument

A contract which evidences a residual interest in the assets of another entity after deducting all of its liabilities. Examples include shares and derivatives that give the Council the right to receive a fixed number of shares for a fixed amount of cash (or another financial asset) in an exchange which is expected to be favourable to the Council.

Defined Benefit Scheme

Also known as a Final Salary Scheme. Pension scheme arrangement where the benefits payable to the members are determined by the scheme rules. In most cases there is a compulsory members' contribution but over and above this all costs of meeting the quoted benefits are the responsibility of the employer.

Defined Contribution Scheme

Also known as a Money Purchase Scheme. Pension scheme arrangement where the employer's liability is restricted to the amount that they contribute. Benefits payable to the members depend on the performance of the invested contributions of the members and the employer, the level of contributions invested, the charges deducted by the product provider and the annuity rate at retirement.

De-Minimis

Minimum level required. For example expenditure below the capital de-minimis is below the minimum level required to be treated as a capital expenditure item.

Department For Education

Central Government Department, responsible for education and children's services in England.

Depreciable Replacement Cost (DRC)

DRC is a method of valuation that provides the current cost of replacing an asset with its Modern Equivalent Asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation.

Depreciation

The term used to describe the charge made for the cost of using tangible fixed assets. The charge for the year will represent the amount of economic benefits consumed by, for example, wear and tear.

Derecognition

The process whereby a component is replaced to avoid double counting when no future economic benefits or service potential are expected from its use or upon disposal.

Discount

An allowance received through the early repayment of debt.

Discounted

Reflecting the equivalent value today of a payment or income made or due in the past or future.

Discounted Cash Flow

A method of analysing future cash flows, by removing the impact time has on the value of money, and producing an equivalent current value (present value).

Discretionary Benefits

Benefits given to employees which are not statutorily obliged.

Disposal

Operations or assets which have left the responsibility of the Council, such as through sale, a Government reorganisation, donation or merger.

Donated Assets

Assets which have been acquired at below market cost.

Dowry

One off payment made as donation, contribution or pre-payment of an obligation.

Earmarked Reserves

Reserve balances which have been set aside for future spending in a specific area.

Economic Life

The number of years the Council is expected to receive economic benefits to deliver services.

Effective Rate

The interest rate embedded within a contract or lease, allowing for regular annual payments and the time value of money.

Employee

A person who holds an office within the Council, but does not include a person who is an elected Councillor.

Employee Benefits

Monetary or other awards to employees of the Council in exchange for services provided. For example, pay, holidays, and pensions.

Employee Costs

The costs directly associated with employees, including but not exhaustively salaries and wages, National Insurance contributions and pension's costs.

Employer Contributions

The payments made to an employee's pension scheme by the Council.

Enhancement Expenditure

Expenditure which increases the value of an asset.

Entity

Something with a legal status such as the Council, a company, or an individual.

Events After The Balance Sheet Date

An event which occurs between 31 March and the date that the accounts are signed which would alter the conclusion reached by any reader of the accounts.

Exceptional Items

Material items that result from the ordinary activities of the Council, but to a value so significantly abnormal that is not expected to recur at that level.

Existing Use Value (EUV)

The value of an asset based on what it is currently being used for. For example, two identical buildings in construction and design may have different values where one is used as a school and another is used as offices.

Exit Packages

The payment made to an employee upon leaving the Council.

Expenditure

Payments made of goods or services.

Fair Value

The income that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Through Other Comprehensive Income (FVOCI)

Measurement of a financial asset at fair value where any gain or loss on revaluation is recognised in other comprehensive income and expenditure and taken to the Financial Instrument Revaluation Reserve.

Fair Value Through Profit or Loss

Measurement of a financial asset at fair value where any gain or loss on revaluation is recognised as a credit or charge to Surplus or Deficit on Provision of Services within the CIES.

Finance Income

Interest receipts.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Financial Assets

A type of financial instrument which gives the Council the right to receive future economic benefits.

Financial Instruments

An umbrella term to describe all financial services and trading with which the Council may operate, including loans, borrowings, bank accounts and debtors.

Financial Instruments Adjustment Account

Revenue reserve which records the timing differences between the rate at which gains and losses are recognised and the rate at which debits and credits are required to be made against Council tax.

Financial Instruments Revaluation Reserve

This reserve contains the cumulative gains and losses relating to the valuation of financial assets held at fair value through other comprehensive income. When the underlying financial assets are de-recognised any gains or losses held in this reserve are credited or expensed to the Surplus or Deficit on Provision of Services.

Financial Liabilities

A type of financial instrument that confers an obligation on the Council to transfer economic benefits under its control.

Financial Statements

Published document, consisting of the Balance Sheet, Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Cash Flow Statement and Notes to the Accounts.

Financial Year

The current year being reported upon running from 1 April to 31 March.

Five Year Financial Plan

The Councils Medium Term Financial Plan, setting out the financial projection for the Council over the coming 5 years.

Fixed Assets

See Non-Current Assets.

Flexi-Time

Time owed to employees who have worked above the contracted hours.

Gain

Where income exceeds expenditure.

General Provisions

Money set aside in the Balance Sheet where its future use is not known.

General Reserve

The reserve held by the County Council for general purposes, i.e. against which there are no specific commitments.

General Revenue Government Grants

Grant income received from Central Government (or Government Department) which is not restricted in its use.

Going Concern

The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.

Goods Or Services

Supplies required by the Council to perform its operations. Examples of goods; paper, bricks or light bulbs, and services; electricity, petrol or agency staff.

Grants

Payment towards the cost of local authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (formula grant).

Group Accounts

Where a Council has a controlling interest in another organisation, group accounts have to be produced. These accounts report the financial position of all of the group entities.

Hire Purchase

A contract for the provision of an asset which becomes the property of the lessee at the end of the contract period.

Historic Cost

The cash paid in obtaining an asset in its current form. Inclusive of purchase price and enhancement expenditure.

HM Revenue & Customs

Her Majesty's Revenue and Customs is a non-ministerial department of the UK Government responsible for the collection of taxes, the payment of some forms of state support, and the administration of other regulatory regimes including the national minimum wage.

HM Treasury

Her Majesty's Treasury, sometimes referred to as the Exchequer, or more informally the Treasury, is the United Kingdom government department responsible for developing and executing the British government's public finance policy and economic policy.

IFRIC

International Financial Reporting Interpretation Committee.

Immateriality

Immateriality is an expression of the relative insignificance or unimportance of a particular matter in the context of the financial statements as a whole.

Impairment

Impairment is the amount by which the carrying amount of an asset exceeds its recoverable amount.

Inception

The point in time which something began such as a project, contract or lease.

Income

Cash flows into the Council.

Income From Service Recipients

Consideration a party, that has contracted with the Council, has given in exchange for goods or services that are the output of the Council’s normal operating activites. Such a contract may be in writing, orally or in accordance with customary business practices.

Income In Advance

Income received before the point at which an obligation to receive it has occurred.

Infrastructure

A network and grouping of inalienable components, expenditure on which is only recoverable by continued use of the asset created i.e. there is no prospect of sale or alternative use. The inalienable components include carriageways, footways, cycle tracks, structures, street furniture, street lighting, traffic management systems and land.

Intangible Asset

Non-current assets which do not have physical form such as software.

Interest Accrued

Accrued interest is the interest on a bond or loan that has accumulated since the principal investment or since the previous coupon payment if there has been one already.

Interest Payable

The amount of interest due for payment within a financial year.

Interest Rate

The rate at which interest is calculated on a loan or investment.

Interest Receivable

The amount of interest due for receipt within a financial year.

International Accounting Standards (IAS)

Regulations outlining the method of accounting for activities, IAS's are currently being replaced with International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board.

International Financial Reporting Standards (IFRS)

Regulations outlining the method of accounting for activities, issued by the International Accounting Standards Board.

International Public Sector Accounting Standards (IPSAS)

Public Sector regulations outlining the method of accounting for activities.

Inventories

Goods purchased in advance of their use which are held in store.

Investment Property

Assets held solely for the purposes of rental generation or for increasing the value pre-sale (capital appreciation) or both.

Joint Venture

An organisation which the Council has partial control and ownership, but decisions require the consent of all participants.

Lease

Financial contract for the continuing use of an asset.

Lease Interest

The interest rate inherent within a lease allowing for regular rental payments and an adjustment for the time value of money.

Lease Payments

Regular payment made in exchange for the use of an asset.

Leases

A method of funding expenditure by payment over a defined period of time.

Lessee

The person or organisation that is using or occupying an asset under lease (tenant).

Lessor

The person or organisation that owns an asset under lease (landlord).

Liabilities

An obligation to transfer economic benefits. Current liabilities are payable within one year.

Loans And Receivables

Financial assets which are not quoted in an active market and have either a fixed or determinable payment.

Loan Modification

A change to the terms of an existing loan. Changes may include a reduction in the interest rate, an extension of the loan term, or a reduction in the principal balance.

Loan Modification Gain/Loss

An amount arising from adjusting the carrying value of a loan to reflect the cash flows under the renegotiated terms of the loan, but accruing interest at the rate specified in the original loan terms.

Long Term Debtor

Income due in more than 365 days of the balance sheet date.

Long Term Liability

Payment due in more than 365 days of the balance sheet date.

Loss

Where expenditure exceeds income.

Loss Allowance

A reduction to the value of financial assets for the expected credit losses relating to those assets.

Materiality / Material

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Maternity Leave

Statutory time off due to pregnant women and new mothers.

Members

Elected Councillors responsible for the democratic leadership of the Council.

Members Allowances

Allowances paid to members in association with their roles and responsibilities.

Minimum Lease Payments

The minimum which will be paid or received over the life of a lease agreement.

Minimum Revenue Provision (MRP)

A prudent amount of revenue set aside to contribute towards capital expenditure which has been financed by borrowing or credit arrangements.

Misstatement

An error whereby something was included in the accounts wrongly.

Modern Equivalent Asset (MEA)

The MEA should give the same service and performance as the existing asset, but should use modern materials and technology.

Movement In Reserves Statement (MiRS)

The statement detailing the movement in the reserves of the Council.

Net Cost Of Services

The direct cost of delivering the Councils services after allowing for specific income received by those services.

Net Operating Expenditure

The cost of operational items which are not direct services, such as disposing of the Councils assets, after allowing for specific income received.

Net Realisable Value

The estimated selling price of an asset in the ordinary course of operations less any completion costs and costs to make the sale, exchange or distribution.

Non Distributed Costs

The value of revenue operating expenditure that is not able to be apportioned to one of the authorities core service areas.

Non-Accumulating Absences

Types of leave an employee may take in a financial year, which if are not taken do not get added to the following year’s entitlement. For example Sick Leave.

Non-Current Assets

Assets that yield benefits to the Council for a period of more than one year, examples include land, buildings and vehicles.

Non-Vesting

An obligation which cannot be settled by a monetary payment.

Notes To The Accounts

A set of supplementary comments, tables and information which further explains the main Financial Statements.

Obligation

The requirement to transfer economic benefits.

Operating Lease

A lease where an asset is used only for a small proportion of its economic life.

Operational

The normal activities of the Council.

Past Service Cost

Past service cost is the change in the present value of defined benefit obligations caused by employee service in prior periods.

Payment In Advance

A payment made which is before the point of any obligation.

Pension Liabilities

The cost, calculated by an Actuary, of providing the current members of a pension scheme with retirement benefits as set out in the pension scheme rules.

Pensions Costs

The benefits paid by the Council which are accrued during the period of employment and paid to ex-employees after retirement.

PFI

See Private Finance Initiative.

PFI Credits

The financial support provided to Local Authorities to part fund PFI capital projects.

Pooled Investment Funds Adjustment Account

This reserve contains the cumulative gains and losses related to pooled investment funds measured at FVPL as required by the statutory override effective for financial years 2018-19 to 2022-23.

Premium

A payment made in association with the early repayment of debt.

Pre-Payments

See payment in advance.

Present Value

See Discounted.

Previous Year Adjustments

These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors.

Principal
The amount of repayment to a lender which relates to the reduction in the loan, rather than the interest paid on the loan.

Private Finance Initiative (PFI)
A Government initiative that enables, through the provision of financial support, Authorities to carry out capital projects through partnership with the private sector.

Projected Unit Method
This is a common actuarial funding method to value pension scheme liabilities.

Property, Plant And Equipment Assets (PPE)
Assets with a long Term value and physical substance such as buildings, land, IT equipment or vehicles.

Provisions
Potential costs that the Council may incur in the future because of something that happened in the past, which are likely or certain to be incurred and a reliable estimate can be made to the costs.

Prudent
A cautious approach to present the Financial Statements without significant risk of failure to achieve the assets presented.

Quoted Market Prices
A method of determining the fair value of financial assets via prices quoted on an active market.

Recognition
The process upon which assets are deemed to belong to the Council ether by purchase, construction or other form of acquisition.

Receivable
The Council’s unconditional right to receive consideration in exchange for goods or services that it has transferred to a service recipient.

Residual
The remaining value in an asset at the end of a contract or lease.

Retirement Benefits
Remuneration package received by employees after their retirement from the Council.

Retrospectively
Changes made to previous years accounts to alter the treatment which has previously been reported.

Revaluation Gain
The increase to the fair value of an asset following a valuation.

Revaluation Reserve
This reserve contains revaluation gains on assets recognised since 1 April 2007 only, the date of its formal implementation.

Revenue
The cost associated with providing Council services.

Revenue Expenditure
Expenditure which is not capital.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)
This is expenditure that is classified as capital although it does not result in the creation of a fixed asset.

Revenue Grant
Grant which is not capital.

Risk
The chance of an asset not coming to fruition or a liability being greater than anticipated.

Royal Institute Or Chartered Surveyors (RICS)
An international organisation who represent everything professional and ethical in land, property and construction.

Salaries And Wages
Payments made to employees in exchange for service worked at the Council.

Service Concession Arrangements
Arrangements which involve the supply and maintenance of assets and service delivery.

Service Costs
Reflects the element of annual payment for PFI or Leased assets which is in relation to services provided within the contract.

Service Expenditure Reporting Code of Practice (SERCOP)
CIPFA guidelines on reporting revenue expenditure.

Service Level Agreements
Contract of service.

Short Term
Less than 365 days from the balance sheet date.

Short Term Benefits
Employee benefits earned and consumed during employment.

Significant
A measure of materiality where the value is deemed to be almost all of the total value in question.

Soft Loans
Low interest rate loans.

Spot Yields
A calculation of the projected return on bonds if held to maturity.

Staff
See employee.

Statute
Set out in legislation.

Straight Line Basis
The method of calculation of depreciation to allocate an equal amount of depreciation each year over an asset’s useful life.

Support Services
Indirect costs of providing Council services including HR, Finance, Legal and Property Maintenance.

Surplus
Arises when income exceeds expenditure or when expenditure is less than available budget.
Surplus Assets
Assets which are no longer in operation.
Tangible
Physical, can be touched.
Tenant
The person or organisation that is occupying an asset under lease.
Termination Benefits
Employee benefits paid upon termination of employment such as redundancy.
The Code
CIPFA guidelines on accounting within Local Government.
Transactions
Individual items of income or expenditure.
Treasury Management
Utilisation of cash flows through investments and loans.
Unidentified Income
Income received by the Council where the reason for the income is unknown.
Unusable
Balances which are not available to support future spending.
Usable
Balances which are available to support future spending.
Useful Life
The period with which an asset is expected to be useful to the Council in its current state.
Value Added Tax
National taxation charged on goods and services.
Vesting
Obligation due which can be paid in cash.
Work In Progress
The fair value of incomplete contracts for goods and services which are to be charged to external customers.

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Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 March 2023

Joint Report of the Managing Director and the Interim Director of Finance & ICT

Performance Monitoring and Budget Monitoring/Forecast Outturn 2022-23 as at Quarter 3 (31 December 2022)

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is not a Key Decision.

3. Purpose

3.1 To provide Members with an update of Council Plan performance and the Revenue Budget/forecast outturn for 2022-23, as at 31 December 2022 (Quarter 3).

4. Information and Analysis

Integrated Reporting

4.1 This report presents both Council Plan performance and financial budget monitoring and forecast outturn data.

4.2 The Performance Summary sets out the progress the Council is making on delivering the Council Plan with a focus on the achievement of the Council Plan priorities.

4.3 The Revenue Budget Position and Financial Summary provides an overview of the Council's overall budget position and forecast outturn as at 31 December 2022.

4.4 Appendices to this report summarise progress on Council Plan deliverables and the controllable budget position by Cabinet Member Portfolio for 2022-23 as at 31 December 2022. Further reports will be considered at Audit Committee and Council in accordance with the Budget Monitoring Policy and Financial Regulations.

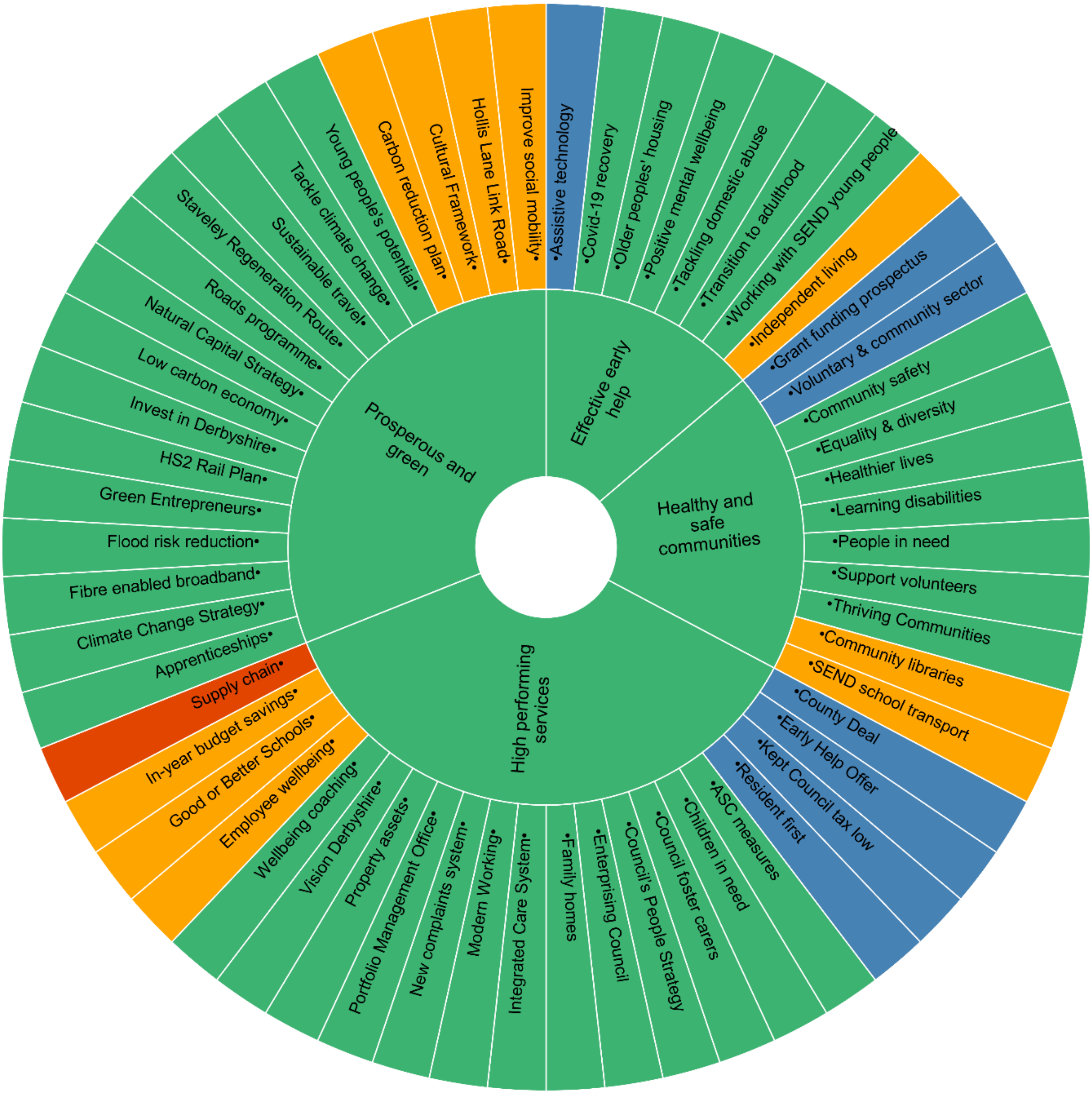
Performance Summary

4.5 The Council Plan refresh for 2022-25, which outlines the Council's priorities, key deliverables and performance measures, was approved by Council in March 2022.

4.6 The 2022-23 Quarter 3 Performance Report, attached at Appendix 3, sets out the position in full, up to the end of December 2022, for each deliverable and associated key measures set out in the Council Plan.

4.7 The Council is performing well in delivering the Council Plan, with 81% of the 58 deliverables in the Plan showing ‘Good’ or ‘Strong’ progress. Only 17% have been rated as ‘Requiring Review’ and just one deliverable has been rated as ‘Requiring Action’. Progress in delivering the Plan is shown in the graphic below.

Deliverable Progress



4.8 The graphic below shows performance against target for each measure by priority. For the 39 key measures with data at this point in the year, sixteen have been rated as ‘Strong’, with a further eight rated as ‘Good’, whilst six have been rated as ‘Requiring Review’ and nine as ‘Requiring Action’.

Key Measures Against Target

Performance by priority

4.9 The resilient, healthy and safe communities' priority shows overall 'Good' performance for both the deliverables and the measures.

4.10 Key areas of success are as follows:

- Delivery of the Council's new, outcomes-based funding programme for the Voluntary and Community Sector continues through the Funding Framework and Prospectus. Grants valuing more than £0.8m have been approved.
- The 4-week smoking quit rate of 65% remains above the England average of 59%. Live Life Better Derbyshire is leading the implementation of the tobacco dependency treatment project in Derbyshire that has begun to offer stop smoking support to inpatients at Chesterfield Royal Hospital and Derby Hospital.
- The Welfare Rights team supported 6,452 people to maximise their benefit income during Quarter 3. The Public Health Advisory Service is also meeting high demand in both GP surgeries and community settings. During Quarter 3 the service has made 6,215 contacts, and supported people to gain £3.3m in income and manage £1.1m of debt.

4.11 Areas for consideration under this priority are as follows:

- A projected total of 179 people who starting the weight management programme during Quarter 3 will achieve a 5% weight loss, compared to a target of 210. However, Quarter 2 figures and Quarter 3 projections show performance is improving and of those completing the weight management programme in Quarter 2, 19% achieved a 5% weight loss, which is better than the England average of 17%. The service continues to consider how it can improve client retention and outcomes.
- One community library has been transferred, with expressions of interest for three others. No further interest has been received. In response to this, a new approach is being developed moving forwards as part of the refresh of the Library Strategy.
- Progress on the review on Home to School transport for children with special educational needs continues to be delayed by risks and challenges identified during Quarter 1. Some progress has been achieved and a pilot panel process has been established to focus on the decision-making process. This will also consider how Children's Services can best assess the need for Home to School transport, to enable Place to plan the most effective use of resources.

4.12 The high performing, value for money and resident-focused services priority shows overall ‘Good’ performance for both deliverables and measures.

4.13 Key areas of success include:

- The Government signed a devolution deal with Derbyshire, Derby, Nottinghamshire and Nottingham Councils on 30 August 2022, which will see the East Midlands receiving £1.14 billion over 30 years to invest in the region and the establishment of an East Midlands Mayoral Combined County Authority, subject to formal agreement and public consultation. Public consultation has commenced and will conclude in Quarter 4.
- The published letter from the Council’s Ofsted focused visit in September 2022, which looked at children in need and subject to a child protection plan, has provided independent assurance confirming strong and consistent social work practice for children and families in Derbyshire with 'many families empowered to make positive changes and adjustments enabling their children to make good progress'.
- The Council continues to roll out more online services and proactive updates to residents. There has been a steady month on month increase in the number of people opening My Derbyshire accounts that enable them to report some incidents online and also to track progress.

4.14 Areas for consideration under this priority are as follows:

- It is forecast that of the in-year savings target of £8.057m, £7.337m will be achieved in the current financial year. The Council is reviewing all of its savings initiatives and developing a programme of savings proposals to address the estimated funding gap over the medium term. Where savings have not been achieved in previous years and brought forward into the current financial year, mitigations and alternative savings delivery is being considered. Detailed savings have been brought forward by departments as part of the 2023-24 budget setting process.

- Employee sickness absence has risen to 5.5% for the year up to the end of Quarter 3, compared with 5.0% for the same period last year and above the target for the year of 4.6%. Sickness levels continue to be reported to Senior Management teams on a regular basis. The sickness data has been refined further to better understand the direct effect that uncontrollable/unmanageable absence (such as Covid-19) is having on sickness levels and to break down further the underlying causes across the most significant primary causes of sickness.
- Progress with implementing a contract and supply chain management regime has been delayed due to unprecedented demand for procurement and contract management employees. This is impacting on the Council's ability to recruit into the new team; however, some progress is being made. Contract Management training is now available free of charge via Central Government, and this has been publicised across the Council to enable employees who are currently tasked with managing contracts to access training. The Council is also working with the Cabinet Office in piloting an advance contract management training offer, with ten employees from various departments taking part.

4.15 The effective early help for individuals and communities' priority shows overall 'Good' performance for both deliverables and measures.

4.16 Key areas of success are as follows:

- Quarter 3 saw 269 new referrals for Assistive Technology to support people to live independently. This is an increase over the previous two quarters, bringing the total number of referrals so far this year to 721 against a target of 450.
- Good progress has been made during Quarter 3 developing the preventative wellbeing coaching model. Several of the challenges identified early in the project have now been addressed, with the online form to enable access to the service due to go live on 1 April 2023 and the coaching qualification for staff members to commence during Quarter 4. During Quarter 3 the team have supported 107 introductions to health and wellbeing advisory services through the Winter Pressures Single Contact Point.

4.17 An area for consideration under this priority is as follows:

- Progress on the Better Lives programme to support older people and people with a disability to increase their independence continues to be impacted by the national shortage of homecare. However, as part of the Short Term Service review, work has been undertaken to create new job profiles and a new structure for the service. Whilst this is good progress, there still remains a shortage of homecare support.

4.18 The priority for a prosperous and green Derbyshire shows overall 'Good' performance for deliverables but 'Review' performance for measures.

4.19 Key areas of success are as follows:

- The Derbyshire Renewable Energy Study and the Climate Change Planning Guidance and associated assessment tool are both completed.
- To date this year £0.269m of the apprenticeship levy has been transferred to businesses, of which £0.172m was transferred in Quarter 3.
- Approval in principle for the Chesterfield to Staveley Regeneration Route was granted in December 2022 following submission of the Outline Business Case.

4.20 Areas of consideration under this priority are as follows:

- The percentage of Principal roads where maintenance should be considered is 15.4% against a target of 13.0%, based on the Annual Engineers' Inspection. The annual National Highways and Transportation Survey showed residents' overall satisfaction is at 51% compared with 52% last year and against a target of 57%. Investment in the delivery of our Local Transport Programme continues to be prioritised to provide well managed roads and highways and address road safety concerns. The annual survey of road condition is undertaken between April and June and therefore the results do not reflect the investment and work undertaken over the last six months. Similarly, the National Highways and Transportation Survey is undertaken early in the year and therefore results are more retrospective. Whilst the condition of principal roads has not achieved target, the condition of non-principal roads and unclassified roads are better than target. Comparatively, the level of satisfaction has dropped to 50% regionally when local area authorities are compared.

- Modelling suggests that, for the four sources measured and reported (council property, street lighting, travel for Council business using the Council's fleet and employees' own vehicles, and procurement) there may be a potential shortfall of 8,710 tonnes of CO_2 in the necessary emissions reduction by 2031-32. This is from the 2009-10 baseline of 47,295 tonnes. Further reductions in emissions will be sought, particularly through continued rationalisation of Council land and building assets, the reduction and electrification of travel for Council business and the decarbonisation of heat in buildings. Some of these residual emissions are likely to be offset through renewable energy generation on Council owned buildings and land, and by carbon sequestration through activities such as tree planting.
- Work to develop a countywide approach to improve social mobility, targeting underperforming areas across the county has been delayed due to difficulties in recruiting to the Vision Derbyshire programme team which will take forward this work. Approval was given by the Vision Derbyshire Joint Committee during Quarter 4 for the transfer of host arrangements for the Vision Derbyshire team to the Council. The transfer will enable the recruitment into permanent roles which will provide the capacity to undertake this work.
- The roll out of the Cultural Recovery Fund, which supports delivery of the Cultural Framework, has been delayed. Approval of the allocation of the funds was initially delayed, pending a review of the Council's grants award process. This has been resolved but has led to a knock-on delay in the recruitment of a Grants Team to support administration of the fund.

4.21 With 81% of deliverables rated as ‘Strong’ or ‘Good’, there is much to celebrate in the progress the Council has made in delivering the Council Plan. Further detail regarding each of the deliverables in the Council Plan and the key measures is set out in Appendix 3.

Revenue Outturn Summary

4.22 The Council’s forecast outturn for 2022-23 as at Quarter 3 (31 December 2022), compared to controllable budget, is summarised below. The forecast outturn table shows the position net of the impact of the ring-fenced Dedicated Schools Grant (DSG) of £389.554m and Public Health grant of £43.803m, other ring-fenced grants and income from other third parties and their associated spend.

	Budget £ Millions	Use of DLUHC Covid-19 Grant Funding £ Millions	Adjusted Budget £ Millions	Forecast Actuals £ Millions	Projected Outturn £ Millions	Budget Performance
Adult Care	274.578	0.397	274.975	286.700	11.725	
Children's Services and Safeguarding and Education	156.264	0.000	156.264	159.949	3.685	
Clean Growth and Regeneration	0.913	0.000	0.913	0.785	-0.128	
Corporate Services and Budget	62.829	0.810	63.639	66.776	3.137	
Health and Communities	10.733	0.000	10.733	9.982	-0.751	
Highways Assets and Transport	45.842	0.000	45.842	47.992	2.150	
Infrastructure and Environment	46.243	0.000	46.243	47.710	1.467	
Strategic Leadership, Culture, Tourism and Climate Change	14.654	0.141	14.795	14.177	-0.618	
Total Portfolio Outturn	**612.056**	**1.348**	**613.404**	**634.071**	**20.667**	
Risk Management	14.049	0.000	14.049	2.000	-12.049	
Debt Charges	38.185	0.000	38.185	37.975	-0.210	
Interest and Dividend Income	-4.601	0.000	-4.601	-7.725	-3.124	
Levies and Precepts	0.363	0.000	0.363	0.363	0.000	
Corporate Adjustments	3.425	0.000	3.425	3.307	-0.118	
Total	**663.477**	**1.348**	**664.825**	**669.991**	**5.166**	
Use of Earmarked Reserves	5.166	0.000	5.166	0.000	-5.166	
Total After Use of Earmarked Reserves	**668.643**	**1.348**	**669.991**	**669.991**	**0.000**	

4.23 An overall Council overspend of £5.166m is forecast, after accounting for the use of £1.348m of non-ringfenced grant funding provided by the Department for Levelling Up Housing & Communities (DLUHC) to support local authorities with the impacts of the Covid-19 pandemic.

This is funding from the remaining balance of the Covid-19 general emergency funding at 31 March 2022, amounting to £15.370m, which has been carried forward to 2022-23 in an earmarked reserve. The forecast also includes the use of £9.057m from departmental earmarked reserves to support the Adult Care, Highways Assets and Transport and Infrastructure and Environment portfolios. In addition, £11.630m has been drawn from the Covid-19 and Budget Management earmarked reserves to cover the shortfall in funding for the 2021-22 and 2022-23 Pay Awards.

However, the Council will use some of the balances on its Budget Management, Covid-19 and Inflation earmarked reserves to report a break-even position. Whilst the use of earmarked reserves, in-year, will result in the Council reporting a break-even position, the impact of the unfunded pay offer, demand pressures and inflationary costs have been addressed as part of the budget setting process for 2023-24 as the effect will be an ongoing cost pressure.

4.24 Of the forecast £20.667m portfolio overspend, the significant variances are:

- an overspend of £11.725m on the Adult Care portfolio, after the use of £2.500m of departmental earmarked reserves;
- a £2.150m overspend on the Highways Assets and Transport portfolio, after the use of £3.790m of departmental earmarked reserves;
- a £1.467m overspend on the Infrastructure and Environment portfolio, after the use of £2.767m of departmental earmarked reserves;
- a £3.685m overspend on the Children’s Services and Safeguarding and Education portfolios; and
- a £3.137m overspend on the Corporate Services and Budget portfolio.

4.25 The forecast £11.725m overspend on the Adult Care portfolio relates to Purchased Services costs. There has been an increase in demand in relation to hospital discharges and because there is an insufficient supply of home care and reablement services, this has driven increased placements into residential homes rather than into care at home. As a result, expenditure on independent sector placements has increased. The forecast includes inflationary pressures of £2.909m in respect of Direct Care utilities and catering supplies, Home Care fuel payments and Private, Voluntary and Independent sector contract payments. This forecast is after the use of £2.500m of departmental earmarked reserves.

4.26 The forecast £2.150m overspend on the Highways Assets and Transport portfolio mainly relates to unachieved savings from previous years, increases in public transport tendered contract prices, additional posts in the Place departmental management team structure, winter maintenance costs which are more than budgeted, and costs arising from an increase in the workforce assigned to routine highways maintenance. The forecast includes £1.212m of inflationary pressures. This forecast is after the use of £3.790m of departmental earmarked reserves, including the Winter Maintenance reserve.

4.27 The forecast £1.467m overspend on the Infrastructure and Environment portfolio has mainly arisen due to unachieved savings from previous years and £2.000m of inflationary pressures in the Waste Management service which is somewhat offset by an estimated 6% decrease in tonnages. This forecast is after the use of £2.767m of departmental earmarked reserves.

4.28 The forecast £3.685m overspend on the Children's Services and Safeguarding and Education portfolios is partly due to a continued high demand for placements for children who are in care or unable to remain at home. The number of children requiring support is growing because the rate at which children enter care is greater than the rate at which children exit care, and because alternatives to care often require long-term financial support, leading to a growing number of arrangements to fund. Average cost increases are due to inflation and the need to make more higher cost placements with independent providers. Other factors contributing to the overspend include the cost of covering vacancies in Children's Safeguarding services with agency social workers and supporting children with complex needs to remain with their families or maintain their current care placement. There is also an increase in the number of children who are eligible for Council-funded transport and an increase in average cost, with the increase in cost being due to both economic factors affecting contractors, and an increased need for more specialised vehicles to transport individual children.

4.29 The forecast for this portfolio also includes inflationary pressures of £2.403m which impact on the Council's budget. These pressures comprise £1.952m of fostering allowances and residential placement price increases; £0.430m of energy costs; £0.930m of food costs; £0.093m of transport and fuel costs, excluding Home to School Transport which is covered by specific contingency budgets; and £0.040m other costs. However, it is anticipated that £1.042m of these costs will not be met from Council budget, as a number of services are funded by trading or grant income, although potentially this may impact on the contribution those services can make to corporate overheads.

4.30 The Council plans to support the Children's Services and Safeguarding and Education portfolios through allocations of a combination of ongoing budget growth and one-off funding to put these services on a sustainable financial footing by the time mitigation measures are able to stabilise the demand pressures on looked after children. Recent modelling suggests that demand pressures on looked after children are likely to level off by 2023-24. However, there is the potential for further increases in the number of children requiring placements or increases in average placement costs which may negatively impact the forecast position. The forecast outturn on the portfolio in 2022-23 is after that all contingency budgets set aside for placements and transport pressures have been utilised. Therefore, it is now anticipated that costs during the year will exceed the contingency amounts.

4.31 The forecast £3.137m overspend on the Corporate Services and Budget portfolio has mainly arisen in the Corporate Property division, primarily because of delays in achieving previously allocated savings. These savings are expected to be achieved over the coming years through rationalisation of the property base, with a consequent reduction in property running costs, and borrowing savings through use of the capital receipt to offset the need to borrow to fund the capital programme. PSP Derbyshire LLP will be the principal vehicle for delivering the savings. There is underachievement of the Industrial Development income target, which is based on full occupancy. Full occupancy cannot be achieved as vacancies occur during the turnover of lettings, and some units are offered at rents below market rates for occupying charities. There is a further cost pressure related to incurring running costs on buildings that are awaiting disposal or repurpose. The forecast also includes estimated inflation of £0.898m in respect of buildings maintenance and gas and electricity utilities after allowing for the offset from the Government price caps.

4.32 There is a forecast underspend on corporate budgets in 2022-23. The underspend on the Risk Management budget relates mainly to a £5m adjustment for Business Rates income. Business Rates income in 2021-22 was significantly reduced because of the impact of Covid-19 and the extent of recovery was uncertain at the time the Revenue Budget 2022-23 was set, with amounts finalised after. An additional £4m of non-ringfenced grants and £1m of service pressure funding returned by a portfolio following receipt of grant income, all announced after the 2022-23 Revenue Budget was set, also contribute to the position. An underspend on the Debt Charges budget is forecast as the portfolio of the Council's long-term loans is repaid and interest on this debt reduces. A favourable variance is forecast in the Interest and

Dividends budget. The Council utilises a range of investments to maximise its income on cash balances. As interest rates have risen, forecast income from short-term lending has increased, but this is somewhat offset by an increase in the interest the Council is expected to pay to meet its temporary borrowing needs. Interest income includes interest accrued on the loan advances to Buxton Crescent Ltd. A small underspend on Corporate Adjustments is forecast.

4.33 The Council continues to look at ways to save money and generate income, whilst trying to protect and deliver services suitable for the residents of Derbyshire. Significant consultation and planning timeframes are required to achieve many of these savings. Delays in agreeing proposals could result in overspends by departments, which would then deplete the level of General Reserve held by the Council, decreasing its ability to meet short term, unforeseeable expenditure. In many cases the proposals will be subject to consultation and equality analysis processes. Progress against budget savings targets is being closely monitored, with a programme of action underway involving the Council's Corporate Management Team.

4.34 The delivery of the Council's Five Year Financial Plan (FYFP) is heavily dependent on an adequate level of General Reserve. The need to maintain an adequate, risk assessed level of reserves has been a key part of the Council's success in both maintaining its financial standing and continuing to deliver high quality services.

4.35 The General Reserve stands at £31.083m at 31 December 2022. There are commitments against the General Reserve and the balance will be further reduced by the measures required to deliver the Council's FYFP noted in paragraph 4.34 above. In the Council's 2023-24 Revenue Budget Report, in a reasonable pessimistic forecast, the General Reserve was predicted to decrease to £12.873m by 2027-28. The adequacy of the Council's General Reserve balance is considered at paragraphs 4.67 to 4.70 below.

4.36 The Covid-19 pandemic has had a significant impact in respect of cost pressures and savings slippages, and the economic shocks created by the invasion of Ukraine by Russia and rising fuel and food costs, general inflation and fragile supply chains are posing significant challenges to the Council's financial resilience.

4.37 Whilst the Council has sufficient reserves it can deploy to meet the anticipated funding shortfalls in 2022-23 and 2023-24, this will significantly impact on any future funding available to support the Council's planned improvements, to support any further delays to certain savings plans and will require additional general reserves to be set aside in order to ensure that the balance of general reserves remains at a prudent risk-assessed level. It also means that a similar level of support in 2024-25 will not be possible.

4.38 Having regard to the diminishing level of its available reserves, if the current financial pressures are sustained without additional funding and if sufficient and timely budget savings cannot be realised there is an increased likelihood that the Council will not be able to balance its budget in the medium term.

4.39 It is vital that budget savings are delivered according to realistic plans, that identified savings are delivered on time and that increases in currently forecast cost pressures are mitigated where possible. Difficult decisions have been taken to balance the budget and strong, robust financial management will continue to be required.

Portfolio Costs

4.40 There is a forecast Council portfolio overspend of £20.667m, after the use of £9.057m of departmental earmarked reserves and £1.348m of non-ringfenced grant funding provided by DLUHC from the remaining balance of the Covid-19 general emergency funding at 31 March 2022, carried forward to 2022-23 in an earmarked reserve. Budget of £1.348m is forecast to be allocated to portfolios to match the forecast additional cost and lost income of the Council's response to Covid-19 up to the end of March 2023, including the impact of slippage to the planned programme of savings which cannot yet be implemented as a result. This amount allows for any specific funding to offset the gross Covid-19 related costs which has already been forecast to be allocated to individual portfolios.

4.41 Portfolio costs are explained in more detail in Appendices 4 to 11.

Risk Management Budget

4.42 There is a forecast underspend on the Risk Management Budget of £12.049m in 2022-23.

	Budget £m	Forecast Expenditure £m	Over / (Under) Spend £m
Pay Award 2022-23 Contingency	6.789	0.300	(6.489)
Allocation of Pay Award 2022-23	(16.523)	0.000	16.523
Pay Award 2022-23	*(9.734)*	*0.300*	*10.034*
Pay Award 2021-22 Contingency	2.313	0.000	(2.313)
Allocation of Pay Award 2021-22	(4.209)	0.000	4.209
Pay Award 2021-22	*(1.896)*	*0.000*	*1.896*
Covid LA Emergency Grant Reserve, for 2021-22 Pay Award shortfall	1.896	0.000	(1.896)
Budget Management Reserve, for 2022-23 Pay Award shortfall	9.734	(0.266)	(10.000)
Inflation Risks Reserve, for 2022-23 Pay Award shortfall	0.000	(0.034)	(0.034)
Use of Earmarked Reserves	11.630	(0.300)	(11.930)
National Insurance Social Care Levy	0.795	0.000	(0.795)
Energy/Food	1.000	0.000	(1.000)
Pay and Price Issues	1.795	(0.000)	(1.795)
Children in Care Placements (one-off)	2.000	2.000	0.000
Departmental Specific Service Pressures	2.000	2.000	0.000
General Contingency	0.115	0.000	(0.115)
Total Contingency Funding	**3.910**	**2.000**	**(1.910)**
Adjustment for Business Rates income	**4.791**	**0.000**	**(4.791)**
Business Rate Relief Grant	2.262	0.000	(2.262)
Revenue Support Grant adjustment	0.018	0.000	(0.018)
Food Info Allergen Labelling Grant	0.019	0.000	(0.019)
Extended Rights to Home to School Transport Grant	1.614	0.000	(1.614)
Increased Family Court Fees Grant	0.018	0.000	(0.018)

Additional Non-ringfenced Grants	**3.931**	**0.000**	**(3.931)**
Domestic Abuse Service Pressure	1.417	0.000	(1.417)
One-off Funding Returned from Departments	**1.417**	**0.000**	**(1.417)**
Total Risk Management Budget	**14.049**	**2.000**	**(12.049)**

4.43 The Risk Management Budget of £14.049m includes:

- £3.910m of remaining contingency funding set aside in the 2022-23 Revenue Budget. This comprises remaining pay and price issue elements of £1.795m, departmental specific service pressures of £2.000m and general contingency of £0.115m:
    - £1.000m to support Departments with the rising cost of energy and food in non-school budgets, considered at paragraph 4.50 below;
    - £0.795m balance of contingency for the April 2022 1.25% increase in National Insurance contributions. This is no longer required following a reversal of this rise, which took effect on 6 November 2022. See paragraph 4.48 below;
    - £2.000m contingency for Children's Services for children in care placements; and
    - £0.115m general contingency.
- £4.791m adjustment for Business Rates income. The amounts were finalised after the 2022-23 Revenue Budget was approved by Council on 2 February 2022.
- £3.931m of additional non-ringfenced grants that had not been announced when the 2022-23 Revenue Budget was approved by Council on 2 February 2022. This comprises:
    - £2.262m Business Rates Relief Grant;
    - £1.614m Extended Rights to Home to School Transport Grant;
    - £0.019m Food Allergen Labelling Grant;
    - £0.018m Revenue Support Grant adjustment; and
    - £0.018m Increased Family Court Fees Grant.
- £1.417m approved in the Council's 2022-23 Revenue Budget to fund ongoing service pressures managing additional statutory duties in relation to the Domestic Abuse Act 2021. These funds were returned unused from the Health and Communities portfolio as the portfolio was able to alternatively finance this pressure

from a Domestic Abuse Grant for 2022-23, which had not been announced when the 2022-23 Revenue Budget was approved by Council on 2 February 2022.

4.44 The forecast expenditure of £2.000m on the Risk Management Budget relates to the anticipated allocation of £2.000m budget for Children's Services for children in care placements. This allocation has been allowed for in the reported Children's Services and Safeguarding and Education portfolio budget.

Forecast expenditure of £0.300m on the Risk Management Budget relates to the anticipated allocation of budget to fund pay increases in 2022-23 relating to social worker growth, Soulbury Pay Scale workers, Coroners and Members' Allowances. This will be funded from the Budget Management and Inflation Risks earmarked reserves.

£1.000m of contingency is shown as available to support Departments with the rising cost of energy and food in non-school budgets; inflation expenditure which has already been included in portfolio forecasts.

4.45 The 2021-22 pay award for Local Government Service Employees (effective from 1 April 2021) was agreed in February 2022. Employees on pay point 1 received an increase of 2.75%, those on pay point 2 and above an increase of 1.75%, and Chief Officers an increase of 1.50%, which results in a total cost to the Council of £4.209m. For 2021-22 budget purposes a sum of £2.313m was set aside for 'bottom loading' but there was no general increase. The agreed pay increase for 2021-22 left the Council with a shortfall of £1.876m in 2021-22 and a £1.896m ongoing pressure in each subsequent year. The shortfall in 2022-23 has been funded from the Covid-19 Emergency Grant reserve and has been addressed on an ongoing basis as part of the 2023-24 Revenue Budget setting process.

4.46 The 2022-23 pay award for Local Government Service Employees (effective from 1 April 2022) was agreed in November 2022. The National Employers' final one-year offer that was agreed with the unions representing the main local government workforce was as follows:

- With effect from 1 April 2022, an increase of £1,925 on all pay points covered by the Council's Pay Grades up to and including Grade 21, which is equivalent to a 10.5% increase for employees on pay point 1 and 4.0% for employees on the highest pay point, and an increase of 4.0 per cent on all allowances, except for travel rates.

- With effect from 1 April 2023, an increase of one day to all employees' annual leave entitlement and the deletion of pay point 1.

The final 2022-23 pay offer is equivalent to an average pay increase of 7.3% across the Council's workforce, which results in a total ongoing cost to the Council of £16.425m. For 2022-23 budget purposes a sum of £6.789m was set aside, based on a 2% 'bottom loaded' pay award increase. The agreed pay increase for 2022-23 leaves the Council with a shortfall of £9.734m in 2022-23 and a £9.636m ongoing pressure in each subsequent year. The shortfall in 2022-23 has been funded from the Budget Management reserve and has been addressed on an ongoing basis as part of the 2023-24 Revenue Budget . The Council has elected not to implement the increase of one day of annual leave as it already provides leave entitlement at a level over and above the minimum that this proposal relates to.

4.47 In addition to the ongoing pressure which falls to the Council, the pay award impacts the cost of services which are separately funded from its core budget. Some employees work in areas wholly funded by grants and it is essential that these grants take up their fair share of additional costs in line with their workforce cost, however, this may be too late for 2022-23 in respect of the Dedicated Schools Grant. A review of sales, fees and charges will identify amendments required in the short term to reflect additional associated workforce cost. An ongoing review of Traded Services, where the Council receives income in return for providing discretionary services to external organisations and/or individuals, will be accelerated, and should capture additional workforce cost, to accurately inform discussions and decisions regarding services' sustainability, as cost increases cannot be supported by base budget.

4.48 The reversal of April's 1.25% rise in National Insurance took effect from 6 November 2022 across the UK. It is estimated that this will result in an ongoing saving of £1.9m from 2023-24 and a one-off saving in 2022-23. Therefore, there is £0.795m of contingency funding, identified for this purpose, which is no longer required; this is held in the Risk Management budget.

4.49 Total inflationary pressures of around £9.5m have been identified and are included in portfolio forecasts.

4.50 The Council is lobbying the Secretary of State for Levelling Up, Housing and Communities, to reinforce the unaffordability in the medium term of the proposed local government 2022-23 pay award and general inflation on budgets. The £12.049m forecast underspend on the Council's in-year risk management budget is already utilised in reducing the portfolio overspend in this forecast. The Council's Revenue Budget 2022-23 set aside £1.000m to support Departments with the rising cost of energy and food in non-school budgets and the Outturn Report 2021-22 set aside a further £10m in an earmarked reserve to meet increasing inflation risks. These funds will be used on a one-off basis for 2022-23 support, where approved. The corporate Budget Management earmarked reserve, which ordinarily supports one-off funding in the Council's annual Revenue Budget, will be fully depleted in meeting the shortfall for the 2022-23 Pay Award. However, funding from the remaining balance of the Covid-19 general emergency grant and from departmental underspends held in the Council's earmarked reserves is potentially available. As a last resort, there is also the Council's General Reserve. The adequacy of the General Reserve balance is considered below.

Debt Charges

4.51 The Debt Charges budget is forecast to be underspent by £0.210m in 2022-23.

4.52 Debt charges are based on interest payments, the Capital Financing Requirement (CFR) and a Minimum Revenue Provision (MRP) of 2.5% (in keeping with the policy reported to Cabinet on 22 November 2016).

4.53 The Council has paid off a number of external loans, which were used to support the Council's Capital Programme, in recent years, and has not undertaken further borrowing. This has led to lower interest payments, resulting in a forecast underspend for 2022-23. However, the interest the Council is required to pay to meet its temporary borrowing needs has been increasing in line with the rises in interest rates experienced since January 2022.

Interest and Dividend Income

4.54 Interest and dividend income budgets are forecast to achieve income £3.124m higher than budgeted in 2022-23.

4.55 The interest base rate rose from 0.75% to 1.00% on 5 May 2022, to 1.25% on 16 June 2022, 1.75% on 4 August 2022, 2.25% on 22 September 2022, 3.00% on 3 November 2022 and to 3.50% on 15 December 2022. However, the Council utilises a range of investments, including pooled funds, to maximise its interest and dividend income on balances

4.56 The forecast underspend mainly relates to interest receipts on the Council's temporary loans to other local authorities, which are anticipated to exceed the expectation at the time the 2022-23 Revenue Budget was approved. Increases in base rate impacts favourably when the Council loans money to other local authorities, however this is offset by higher interest costs on its temporary borrowing from other local authorities.

Corporate Adjustments

4.57 There is a forecast underspend of £0.118m on Corporate Adjustments in 2022-23.

4.58 The forecast underspend mainly reflects an anticipated saving of £0.375m from the Council paying its Local Government Pension Scheme 2022-23 employer contributions early.

Budget Savings

4.59 A summary of the achievement of budget savings targets for 2022-23 is provided at Appendix 14. The budget savings target for 2022-23 is £8.057m, with a further £14.905m target brought forward from previous years. Of the in-year savings target, £7.337m will be delivered in the current financial year. The Council is reviewing all of its savings initiatives and developing a programme of savings proposals to address the estimated funding gap over the medium term. Where savings have not been achieved in previous years and brought forward into the current financial year, mitigations and alternative savings delivery is being considered. Where there is non-achievement of savings brought forward, the resulting base budget overspend is offset to some extent by one-off underspends, one-off funding from earmarked reserves and additional grant funding received.

4.60 The Corporate Services and Transformation department is pursuing several new efficiencies to achieve the current and previous years' budget savings targets and other identified budget gaps within the department. Members should note that these efficiencies will not enable additional savings targets to be allocated to the department. The planned timeframe for delivery of these efficiency proposals, by portfolio, is as follows:

	Planned Efficiencies					
Portfolio	**2022-23 £m**	**2023-24 £m**	**2024-25 £m**	**2025-26 £m**	**2026-27 £m**	**TOTAL £m**
Corporate Services and Budget	0.086	1.915	1.675	1.293	0.511	**5.480**
Strategic Leadership, Culture and Climate Change	0.116	0.187	0.000	0.087	0.000	**0.390**
Health and Communities	0.000	0.080	0.000	0.000	0.000	**0.080**
Corporate Services and Transformation Total	0.202	2.182	1.675	1.380	0.511	**5.950**

Debt Age Profile

4.61 The age profile of debts owed to the Council and the value of debts written off is disclosed in Appendix 15. This information is collected on a departmental rather than on a portfolio basis.

Earmarked Reserves

4.62 Earmarked reserves are held to meet known or predicted liabilities and the funds should be used for the item for which they have been set aside. Any funds no longer required are returned to the General Reserve. The Council reviews the level of earmarked reserves at least annually. The last review of earmarked reserves took place in December 2022 and was reported to Cabinet on 2 February 2023. The next review is scheduled to be reported in January/February 2024.

4.63 A summary of outstanding balances on the Council's earmarked reserves as at 31 December 2022 is set out in Appendix 13.

4.64 Any funding received to support the Council's response to the Covid-19 pandemic, which had not been utilised by 31 March 2022, has been contributed to earmarked reserves or, where appropriate, carried forward as a receipt in advance. These amounts may be used to fund any further relevant expenditure arising as a result of the pandemic in 2022-23, or to meet other cost pressures if needed and where grant conditions allow.

4.65 The Homes for Ukraine scheme was launched on 14 March 2022 by the Secretary of State for Levelling Up, Housing and Communities. The scheme enables Ukrainian nationals resident in Ukraine to be sponsored to come to live in the UK. Councils have a number of functions in supporting the Homes for Ukraine scheme and are expected to offer several categories of support to the scheme. The Government has been providing "tariff grant" funding at a rate of £10,500 per person (reduced to £5,900 per person from 1 January 2023) to councils to enable them to support the scheme; this funding is non-ringfenced. Grant income totalling £12.653m has been received for the period up to and including November 2022. It is proposed to establish an earmarked reserve to be used to carry out the activities set out in the Homes for Ukraine guidance and to contribute to this reserve any un-ringfenced "tariff grant" received for the Homes for Ukraine scheme.

4.66 Business Rates Relief Reconciliation 2021-22 Section 31 Grant income of £3.155m has been received. This non-ringfenced grant compensates authorities for reductions in business rates income, following decisions by Government to change the rate relief for some organisations and for changes in the uprating of the business rates multiplier, including freezing of the business rates multiplier in recent years. It is proposed to contribute this sum of £3.155m to the Business Rates Risks reserve to manage any volatility in future business rates income which may be experienced.

General Reserve

4.67 The General Reserve stands at £31.083m at 30 December 2022. The level of General Reserve is £31.083m, after the forecast outturn for 2022-23, which is 5% of the Council's Net Budget Requirement for 2022-23. This assumes the forecast overspend in 2022-23 is funded from earmarked reserves, as detailed in paragraph 4.23.

General Reserve

	£m
Balance at 31 December 2022	**31.083**
Projected Outturn 2022-23	0.000
Forecast Balance at 31 March 2023	**31.083**
Net Budget Requirement 2022-23	**618.581**
General Reserve Balance as % of NBR at 31 Mar 2023	**5.02%**

4.68 The majority of chief financial officers consider an acceptable level of generally available reserves to be one that reflects a risk-based approach to potential liabilities. A relatively crude measure is to expect the resulting figure to be between 3% to 5% of a council's net spending, representing a prudent level of risk-based reserves. As at 31 December 2022, after the commitments above, the figure for the Council stood at 5.0%. However, it is necessary to consider this indicator over the medium term to gain a better understanding of its adequacy.

4.69 In the Council's 2023-24 Revenue Budget Report, in a reasonably pessimistic forecast, the General Reserve was predicted to decrease to 1.8% (£12.873m) of the Council's Net Budget Requirement by 2027-28. Taking account of demand led pressures, any overspends in services over and above those currently projected would see the balance fall below £13m.

4.70 It is recognised that the forecast General Reserve balance over the medium term is significantly lower than would be preferred. If funding allows, restorative measures will be utilised over the period of the Five-Year Financial Plan and beyond to build back up the balance of the General Reserve.

4.71 There are options around the funding of planned capital investment projects which could release in excess of £30m of revenue contributions to fund capital expenditure which could alternatively be funded from additional borrowing and the money utilised instead to ensure that the Council's General Reserve position remains at a reasonable, risk-assessed level. However, these options will need to be weighed against the additional ongoing cost over the term of the borrowing.

Portfolio Summaries

4.72 A summary of each of the individual portfolio performance and outturn positions for 2022-23 is detailed in Appendices 4 to 11.

4.73 Whilst budgets are monitored by portfolio, the individual portfolios are not separate entities. All the portfolios operate in conjunction with the others and it is important to consider the Council's budgetary position as a whole in the context of its Five-Year Financial Plan and its overall level of reserves.

Traded Services

4.74 A trading area is where the Council receives income in return for providing discretionary services to external organisations and/or individuals.

4.75 'Fully traded' trading areas are separately identifiable and have a net controllable budget of £0, i.e. there is an expectation that on average all the controllable expenditure within this area will be funded from external income. An overall deficit of £0.615m is forecast for 2022-23 on fully traded areas across the Council as a whole.

4.76 'Partially traded' trading areas do not have a net controllable budget of £0, but they do receive income from external entities which contributes to funding some of the discretionary services they provide. An overall surplus of £0.931m compared to the budgeted income target is forecast for 2022-23 on partially traded areas across the Council as a whole.

4.77 Appendix 12 summarises the financial performance of the separate trading areas.

5. Consultation

5.1 No consultation in required.

6. Alternative Options Considered

6.1 N/A – the Council is required to outline its forecast revenue outturn position to ensure compliance with good financial management principles and to support the development of short and medium-term financial planning. Not producing a budget monitoring report would be contra to the Council's Financial Regulations which requires the reporting of variances of income and expenditure against budget allocation to be reported to Cabinet in line with the Budget Monitoring Policy.

7. Implications

7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

8.1 None identified.

9. Appendices

9.1 Appendix 1- Implications.

9.2 Appendix 2 – Key to Performance Ratings

9.3 Appendix 3 – Performance Report 2022-23 Council Overview

9.4 Appendix 4 – Adult Care - Portfolio Summary

9.5 Appendix 5 – Children's Services and Safeguarding and Education - Portfolios Summary

9.6 Appendix 6 – Clean Growth and Regeneration - Portfolio Summary

9.7 Appendix 7 – Corporate Services and Budget - Portfolio Summary

9.8 Appendix 8 – Health and Communities - Portfolio Summary

9.9 Appendix 9 – Highways Assets and Transport - Portfolio Summary

9.10 Appendix 10 – Infrastructure and Environment - Portfolio Summary

9.11 Appendix 11 – Strategic Leadership, Culture, Tourism and Climate Change - Portfolio Summary

9.12 Appendix 12 – Traded Services

9.13 Appendix 13 – Earmarked Reserves

9.14 Appendix 14 – Budget Savings Monitoring 2022-23

9.15 Appendix 15 – Aged Debt

10. Recommendations

That Audit Committee:

10.1 Notes the update of Council Plan performance and the Revenue Budget position/forecast outturn for 2022-23 as at 31 December 2022 (Quarter 3).

10.2 Notes the position on General and Earmarked Reserves.

11. Reasons for Recommendations

11.1 The forecast outturn report provides a summary of the expected overall financial performance and use of resources against the Council's approved budget for the financial year 2022-23. The outturn position supports the development of budgets in both the short and medium term.

11.2 The balances of both the General and Earmarked Reserves support good financial planning.

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Appendix 1

Implications

Financial

1.1 An overall Council overspend of £5.166m is forecast, after accounting for the use of £1.348m of non-ringfenced grant funding provided by the Department for Levelling Up Housing & Communities (DLUHC) to support local authorities with the impacts of the Covid-19 pandemic. The forecast also includes the use of £9.057m from departmental reserves to support the Adult Care, Highways Assets and Transport and Infrastructure and Environment portfolios and £11.630m has already been drawn to meet the shortfall in funding for the 2021-22 and 2022-23 Pay Award. However, the Council will use some of the balances on its Budget Management, Covid-19 and Inflation Earmarked Reserves to report a break-even position. Whilst the use of earmarked reserves, in-year, will result in the Council reporting a break-even position, the impact of the unfunded pay offer, demand pressures and inflationary costs have been addressed as part of the budget setting process for 2023-24 as the effect will be an ongoing cost pressure.

Legal

2.1 None.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.

6.2 High inflation and the proposed pay award for 2022-23 has increased the financial uncertainty for all local authorities. The Council is committed to ensuring that it sets a balanced budget over the medium-term, therefore ensuring good financial management and use of reserve balances to meet the costs of any unforeseeable events arising from the pandemic

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.

Appendix 2

Key to Performance Ratings

	Strong	Good	Review	Action	Unknown
Council Plan Deliverables	On track or complete with outcomes exceeding expectations /requirements.	On track or complete with outcomes in line with expectations/ requirements.	Some risk to achieving timetable and/or outcomes.	Unlikely to achieve timetable and/or not delivering required outcome.	Data measuring the performance of these deliverables continues to be suspended due to Covid-19.
Council Plan Measures	More than 5% better than target.	Less than 5% better than target but not less than 2% worse than target.	Between 2% and 10% worse than target.	More than 10% worse than target.	No data received or no target set.
Service Lines Outturn		Outturn below budget.	Outturn less than or equal to 2% over budget.	Outturn more than 2% over budget.	
Portfolio Outturn		Outturn below budget.		Outturn over budget.	
Budget Savings		Forecast savings better than target.		Forecast savings worse than target.	

Derbyshire County Council

Appendix 3

Council Plan 2022-25

Performance Report
Quarter 3 2022-23

Contents

Introduction

Welcome to the Council's performance report on the Council Plan 2022-25, for Quarter 3 2022-23. The Council Plan sets out the direction of the Council and what we are working to achieve on behalf of our residents. At the heart of our Plan is ensuring we provide maximum value for money for the council tax our residents pay, by delivering the most efficient and effective services we can. The Plan was refreshed in March 2022 to ensure it continues to address the key opportunities and challenges facing the Council. Our key priorities continue to be:

- Resilient, healthy and safe communities;
- High performing, value for money and resident focused services;
- Effective early help for individuals and communities;
- A prosperous and green Derbyshire.

For each priority we have identified a set of key deliverables and performance measures which we will focus on to meet our priorities.

Reporting Performance

Progress on our Council Plan deliverables and key measures is set out on the following pages. To give a clear indication of performance, the following categories are used:

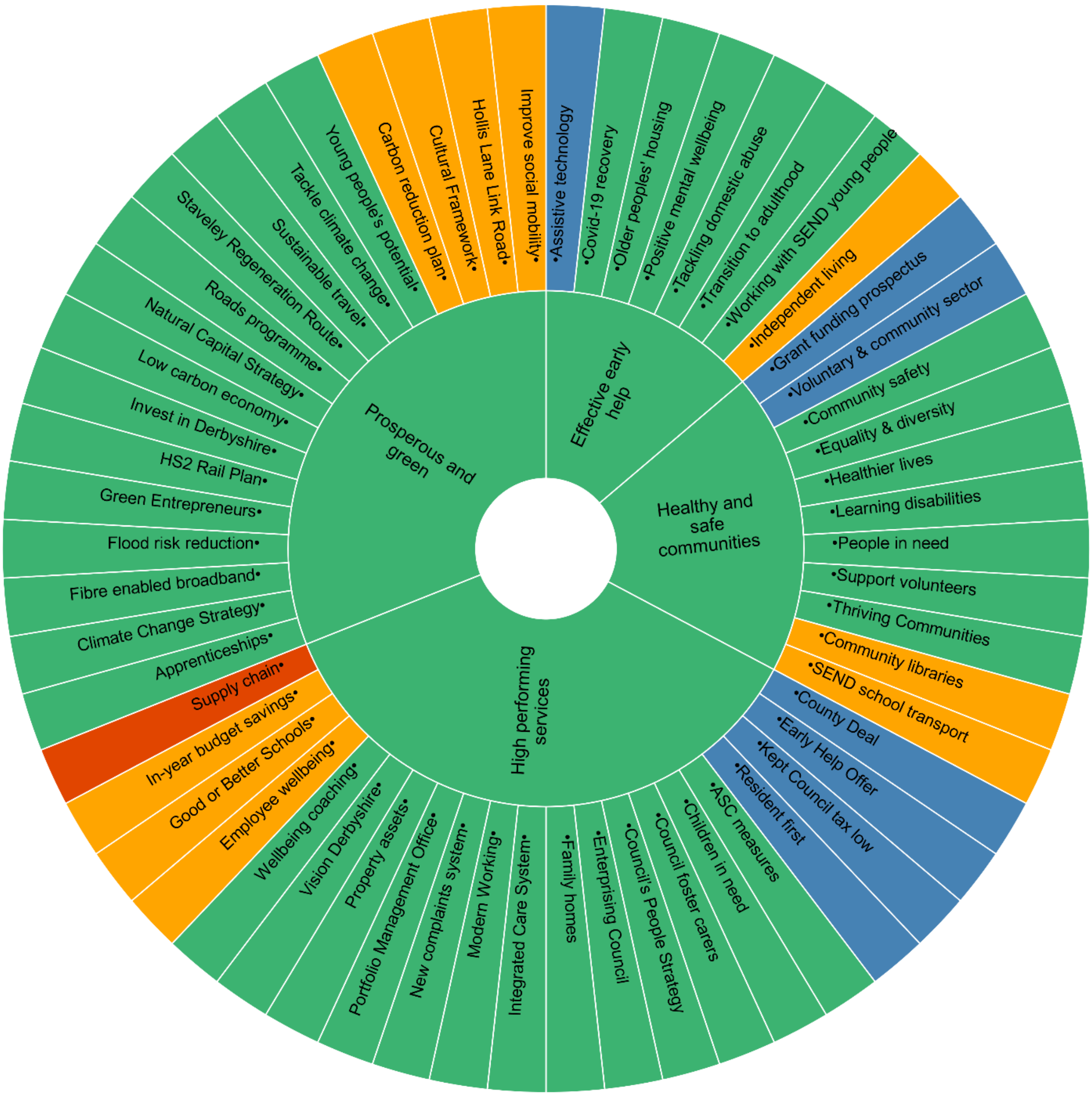
Category	Deliverables	Measures	Council Response
Strong	On track or complete with outcomes exceeding expectations	More than 5% better than target (2% better than target if the target is greater than 95%)	Continue to monitor. Celebrate and learn from success
Good	On track or complete with outcomes in line with expectations	Between 5% better or 2% worse than target	Continue to monitor. Celebrate and learn from success
Review	Some risk to achieving timetable and/or outcomes	More than 2% worse than target	Keep under review to ensure performance is brought back/remains on track
Action	Unlikely to achieve timetable and/or to deliver required outcome	More than 10% worse than target	Additional action will be/is being taken to bring performance back on track

We would welcome your feedback on the report as part of our commitment to continually improve what we do and how we serve the people of Derbyshire. Please tell us what you think at: haveyoursay@Derbyshire.gov.uk

Summary

Deliverable Overview

Good progress has been made in delivering the Council Plan during Quarter 3 2022-23. Of the 58 deliverables in the Plan, 69% have been rated as 'Good'; 12% have been rated as 'Strong'; 17% have been rated as "Requiring Review" and 2% as "Requiring Action". A graphical representation of the Council's performance for Quarter 3 against its priorities (inner wheel) and deliverables (outer wheel) is below. The colours in each segment show the progress the Council is making during 2022-23. The performance for each priority and deliverable is detailed within the report.



Key Measure Overview

A set of key measures have also been developed to enable the Council to further monitor the progress it is making by reporting performance against targets. The colours in each segment of the wheel below show the Council's success in achieving its performance targets. Of the 39 key measures with data at this point in the year, 16 have been rated as 'Strong', with a further 8 rated as 'Good'. There are 6 measures which have been rated as 'Requiring Review' and 9 as 'Requiring Action'. Measures which are grey currently have no data available or no targets set for 2022-23. The key measures are detailed in the following tables.

Performance – Trend over Time

Deliverables

	Jun 2022	Sep 2022	Dec 2022	Mar 2023
Strong	6	5	7	
Good	35	38	40	
Review	16	12	10	
Action	1	3	1	

	Jun 2022	Sep 2022	Dec 2022	Mar 2023
Improving	9	7	10	
No Change	21	43	45	
Declining	9	8	3	
Completed	0	0	0	

Measures

	Jun 2022	Sep 2022	Dec 2022	Mar 2023
Strong	11	13	16	
Good	6	8	8	
Review	5	3	6	
Action	4	5	9	

	Jun 2022	Sep 2022	Dec 2022	Mar 2023
Improving	0	3	4	
No Change	9	19	20	
Declining	0	4	7	

Key areas of Success

Key areas of success during Quarter 3 are:

Worked with partners and central government to negotiate a County Deal for Derbyshire and Derby as one of the nine early pathfinder areas including securing powers, flexibilities and funding and establishing effective governance arrangements

A proposal outlining key features of the devolution deal has been developed and public consultation began on 14 November for a period of 6 weeks.

Provided consistent, high quality early help and safeguarding services for children and families across Derbyshire

The published letter from our Ofsted focused visit in September 2022 which looked at children in need and subject to a child protection plan has provided independent assurance confirming strong and consistent social work practice for children and families in Derbyshire with 'many families empowered to make positive changes and adjustments enabling their children to make good progress'.

Established a new grant funding prospectus and framework and provided grants which promote positive behaviours for young people and residents, improve local networks, help people to feel safer, and encourage sustainable and green activity

Delivery of the Council's new, outcomes-based funding programme for the sector continues through the Funding Framework and Prospectus. Grants valuing more than £800,000 have been approved.

Supported a resident-first approach through a range of mechanisms to improve access to online services and customer service performance

We continue to roll out more online services and proactive updates to our citizens. We have seen a steady month on month increase in the number of people opening My Derbyshire accounts that enables them to report some incidents on line and also to track progress.

Kept Council Tax within the lowest 25% of County Council areas and lobbied government to secure a better funding settlement

The Council's Council Tax level remains in the lowest 25% of similar authorities.

The Council continues to take opportunities to lobby Government for an improved and multi-year funding settlement, individually and collectively as part of the national Society of County Treasurers group.[/NoCorp

Commissioned and procured a new assistive technology service offer to support people with social care needs to live independently in the community

Quarter 3 saw 269 new referrals, an increase over the previous two quarters, bringing the total number of referrals so far this year to 721 against a target of 450.

Worked with partners to enable individuals and communities to lead healthier and happier lives, accessing support when and where they need it to encourage physical activity, help people stop smoking and manage their weight

The 4-week smoking quit rate of 65% remains above the England average, which is 59%. Live Life Better Derbyshire is leading the implementation of the tobacco dependency treatment project in Derbyshire that has begun to offer stop smoking support to inpatients at Chesterfield Royal Hospital and Derby Hospital.

- **Provided support to people and communities in need, including financial help from our discretionary fund, and other activities that promote financial inclusion**

The impact of the rising cost of living and the Council's communications work has increased the amount of residents accessing the welfare rights service; during Quarter 3 6,452 have been supported to maximise their benefit income across provision delivered by the Welfare Rights team. The Public Health Advisory Service is also meeting high demand in both GP surgeries and community settings. During Quarter 3 the service has made 6,215 contacts, and supported people to gain £3,266,233 in income and manage £1,123,029 of debt.

- **Increased recruitment, utilisation, and retention of Council foster carers to ensure that more children in our care can benefit from loving stable homes with foster carers**

Despite local and national challenges with foster carer recruitment and retention, Derbyshire's activity and focus to improve placement capacity for our children and young people is having a positive impact. More of our children in care are benefitting from loving stable homes with foster carers.

- **Developed a longer-term preventative wellbeing coaching model that offers health and wellbeing advice to prevent, reduce and delay the need for adult social care services**

The Health and Wellbeing Team have made good progress on developing a new service model during Quarter 3. Several of the challenges identified early in the project have now been completed with the online form to enable access to the service due to go live on 1 April 2023 and the coaching qualification for staff members to commence during Quarter 4. During Quarter 3 the team have supported 107 introductions to health and wellbeing advisory services through the Winter Pressures Single Contact Point.

- **Completed a programme to centralise ownership, management, and responsibility for all of the Council's land and property assets and budgets, within Corporate Property, to ensure the most effective use of our land and buildings**

During Quarter 3 £2.465m was raised from the disposal of land and buildings. This exceeded the Quarter 3 target of £0.837m. The concerns around the uncertainty in the economic and property market did not translate into a reduction in demand and sales out performed reserves. The Council is on track to exceed the end of year target of £2.900m.

- **Completed Outline Business Case and prepared a planning application to progress the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area**

Approval in principle granted in December 2022 following the submission of the Outline Business Case.

Explored initiatives to tackle climate change including low carbon local energy generation

The Derbyshire Renewable Energy Study and The Climate Change Planning Guidance and associated assessment tool are both completed.

Worked with schools and other education providers to implement new strategies and support, to enable children and young people to achieve their educational potential and begin to catch up on learning they have missed due to COVID-19 restrictions

Provisional data for the academic year 2021-22 shows the proportion of pupils achieving a standard pass (grades 4-9) in English and Maths at GCSE (Key Stage 4) of 67.5% is again significantly better than the national figure of 64.3%.

Worked with Derbyshire businesses to support the creation of apprenticeship opportunities in key economic sectors, connecting people to local job opportunities

To date this year £269,095 of the apprenticeship levy has been transferred to businesses, £172,376 in Quarter 3.

Key areas for Consideration

The following areas have been rated as “Requiring Review” or “Requiring Action” during Quarter 3:

Number of participants in Council weight management programmes who achieve 5% weight loss

Issue: It is projected that a total of 165 people who started the programme by the end of Quarter 3 will have achieved a 5% weight loss, compared to a target of 210. **Action:** Quarter 2 figures and projections for Quarter 3 show that performance is improving and of those completing the weight management programme during Quarter 2, 19% achieved a 5% weight loss, this is better than the England average of 17% in 2021-22. Satisfaction with the service remains high, with 99% of clients surveyed stating they would recommend Live Life Better Derbyshire to family and friends. The service continues to consider how it can improve client retention and outcomes.

Transferred a minimum of five libraries to community management, engaging and involving communities in the development of a cost-efficient library service

Issue: One community library has been transferred with expressions of interest for three more. No further interest has been received to date. **Response:** A new approach is being developed moving forwards as part of the refresh of the Library Strategy.

Reviewed how the Council delivers home to school transport for children with special educational needs ensuring the most effective use of resources

Issue: New risks and challenges identified during Quarter 1 continue to delay progress. **Response:** Some progress has been achieved. A pilot panel process has been established to focus on the decision-making process and how Children's Services can best assess the need for home to school transport to enable Place to plan the most effective use of resources.

Worked with schools so that the percentage of children and young people attending good or better schools improves at a faster rate than nationally

Issue: Whilst the proportion of Derbyshire pupils attending good or better primary schools has increased at a faster rate than national figures since the start of the 2022-23 academic year, this has not been the case for secondary phase. There has been a fall in the proportion of Derbyshire pupils attending a good or better secondary school. **Response:** Findings and learning from recent Ofsted inspections continue to be routinely disseminated at briefings with headteachers and governors with additional focus and support provided on any themes emerging such as discussions about safeguarding procedures.

Percentage of children returning home after a period in care

Issue: The number of children returning home from care has fallen from 15% at the end of Quarter 2 to 13.0% at the end of Quarter 3. The target is 18%. **Action:** This remains an area of focus. Assessments are being completed with more children across the county in order to inform decisions about their return to live with birth families or their ability to progress other permanence plans such as Special Guardianship.

Reviewed the Council's Wellbeing Strategy and associated action plan to further support employee wellbeing, reduce sickness absence and improve service delivery

Issue: Employee sickness absence has risen to 5.5% for the year up to end of Quarter 3 2022-23 compared with 5.0% for the same period last year. The target for the year is 4.6%. **Response:** Sickness levels continue to be reported to Senior Management teams on a regular basis. The sickness data has been refined further to better understand the direct effect that uncontrollable/unmanageable absence (such as Covid-19) is having on sickness levels and to break down further the underlying causes of sickness across the most significant primary causes of sickness. Work continues to further refine sickness data to allow for interventions to be targeted at areas of highest impact to reduce levels of sickness absence.

Kept on track to achieve all planned budget savings in the current year

Issue: It is forecast that of the in-year savings target of £8.057m, £7.337m will be achieved in the current financial year. **Action:** The Council is reviewing all of its savings initiatives and developing a programme of savings proposals to address the estimated funding gap over the medium term. Where savings have not been achieved in previous years and brought forward into the current financial year, mitigations and alternative savings delivery is being considered. Detailed savings are being brought forward by departments as part of the 2023-24 budget setting process.

Implemented a contract and supply chain management regime across the Council which drives value for money throughout the contract lifecycle

Issue: There is an unprecedented demand for procurement and contract management employees. This is impacting on our ability to recruit into procurement and contract management vacancies and causing significant delays to establishing and implementing the Council's contract management framework. **Action:** While recruitment difficulties remain, some progress is being made. Contract Management training is now available free of charge via Central Government, and this has been publicised across the Council to enable employees who are currently tasked with managing contracts to access training. The Council are also working with the Cabinet Office in piloting an advance contract management training offer, with 10 employees from various departments taking part.

Finalised the new ways of working with older people and people with a disability to increase their independence so that they remain part of their local communities

Issue: Progress is being delayed by a shortage of homecare to support people to be independent in their own homes. This is a national issue and not unique to Derbyshire. **Response:** As part of the Short Term Service review work has been undertaken to create new job profiles and structure for the service. Whilst this is good progress there still remains a shortage of homecare support.

Percentage of Principal roads where maintenance should be considered

Percentage of residents satisfied overall with Highways and Transportation services

Issue: The percentage of Principal roads where maintenance should be considered is 15.4% against a target of 13.0%, based on the Annual Engineers' Inspection. The annual National Highways and Transportation Survey showed residents' overall satisfaction is at 51% compared with 52% last year and against a target of 57%. **Action:** We continue to prioritise investment in the delivery of our Local Transport Programme to provide well managed roads and highways and address road safety concerns. The annual survey of road condition is undertaken between April and June and therefore the results do not reflect the investment and work undertaken over the last six months. Similarly the National Highways and Transportation Survey is undertaken early in the year and therefore results are more retrospective. Whilst the condition of principal roads has not achieved target, the condition of non-principal roads and unclassified roads are better than target. Comparatively, the level of satisfaction has dropped to 50% regionally when local area authorities are compared.

Opened Hollis Lane Link Road Phase 1 in Chesterfield to improve road access

Issue: Due to economic conditions, cost uncertainty will remain until a construction contractor is appointed. **Response:** Rigorous process in the procurement of a contractor is underway to ensure best value.

Reduced carbon emissions from Council property and vehicles, street lighting and procurement

Issue: Modelling suggests that, for the four sources measured and reported (council property, streetlighting, travel for Council business using the Council's fleet and employees own vehicles, and procurement) there may be a potential shortfall of 8,710 tonnes CO_2e in the necessary emissions reduction by 2031-32. This is from the 2009/10 baseline of 47,295 tonnes. **Response:** Further reductions in emissions will be sought particularly through continued rationalisation of Council land and building assets, the reduction and electrification of travel for Council business and the decarbonisation of heat in buildings. Some of these residual emissions are likely to be offset through renewable energy generation on Council owned buildings and land, and by carbon sequestration through activities such as tree planting.

Worked with partners through the Vision Derbyshire approach to develop a countywide approach to improve social mobility, targeting underperforming areas across the county

Issue: There have been difficulties in recruiting to the Vision Derbyshire programme team which will take forward this work. **Response:** Approval for the transferring of host arrangements for the Vision Derbyshire team to the Council will be considered by the Vision Derbyshire Joint Committee on 18 January 2023. This will enable the recruitment into permanent roles which will address issues around the challenging recruitment landscape.

Percentage of 16 to 17 year olds in education, employment or training (3 month avg)

Issue: There were 72.7% of 16 to 17 year olds in education, employment or training for the 3 months of September, October and November 2022. This is in the lower-middle quartile and below the figure at the same time last year. **Action:** Performance always drops at this point of the year as Derbyshire has a large cohort of young people aged 16 and 17. All individuals in the cohort need their activity status confirming for the new academic year. Regular activity continues to track the status of this cohort.

Percentage point gap between disadvantaged pupils in Derbyshire and non-disadvantaged pupils achieving a standard pass or higher (grades 4 to 9) in English and Maths at GCSE

Issue: The percentage point gap in the academic year 2021-22 is 31.6 against a target of 28.2 percentage points (the gap in 2018-19). Although the provisional percentage of disadvantaged pupils achieving a standard pass in English and Maths increased from 2018/19, the gap between disadvantaged pupils in Derbyshire and non-disadvantaged pupils nationally has widened during the same period. **Action:** The Education Improvement Service continues to work robustly with schools to improve outcomes for children and young people and support catch-up on learning at all key stages.

Mobilised the Derbyshire Cultural Framework and reviewed and developed a costed action plan for the Derwent Valley Mills World Heritage Site

Issue: The roll out of the Cultural Recovery Fund, which supports delivery of the Cultural Framework has been delayed. Approval of the allocation of the funds was initially delayed, pending a review of the Council's grants award process. This has been resolved but has led to a knock-on delay in establishing a Grants Team to support administration of the fund. **Response:** Approvals are in place for the recruitment of a new Sustainable Growth Grants Team, who will support the administration of the Cultural Recovery Fund.

Key Measures Updated for Quarter 3 2022-23

The following measures have been updated during Quarter 3:

Key Measure	Date	Actual	Target	Performance
Number of participants in Council delivered stop smoking programmes who stop smoking	Dec-2022	1,101	900	Strong
Number of participants in Council weight management programmes who achieve 5% weight loss	Dec-2022	165	210	Action
Number of communities (geographic or thematic) applying a Thriving Communities approach	Dec-2022	6	6	Good
Number of people from organisations and communities directly supporting the running of hyper local activity in Thriving Communities areas	Dec-2022	62	Not set	No Target
Number of people who received support or benefiting from hyper local activities in Thriving Communities areas	Dec-2022	9,714	Not set	No Target
Number of people with a learning disability and/or who are autistic with an outcome focused support plan	Dec-2022	541	445	Strong
Number of people with a learning disability and/or who are autistic supported to move from 24-hour residential care to more independent supported living setting	Dec-2022	21	23	Review (Strong in Q2)
Rate of improvement in the proportion of pupils in 'Good' or better primary schools	Dec-2022	1.5	0.8	Strong
Rate of improvement in the proportion of pupils in 'Good' or better secondary schools	Dec-2022	-5.9	0.3	Action (Strong in Q2)
Increase in the proportion of children in care leaving through special guardianship orders where it is safe and appropriate to do so	Dec-2022	16.6%	15.7%	Strong (Good in Q2)
Percentage of children returning home after a period in care	Dec-2022	13.0%	18.0%	Action (Review in Q2)
Number of children living with Council foster carers	Dec-2022	380	327	Strong
Proportion of practice areas with reflective case reviews judged to be good or better	Dec-2022	80.0%	70.0%	Strong
Early help assessments completed within 45 days	Dec-2022	95.7%	90.0%	Strong
Social work assessments completed within 45 days	Dec-2022	90.3%	85.0%	Strong (Good in Q2)
Initial child protection conferences within 15 days	Dec-2022	90.8%	79.0%	Strong

Key Measure	Date	Actual	Target	Performance
Percentage of Council run children's homes rated as 'Good' or 'Outstanding' by Ofsted	Dec-2022	91.7%	91.0%	Good
Number of services accessed via e-forms on the Council websites	Dec-2022	153	150	Good
Employee sickness absence (Council, not including schools)	Dec-2022	5.5%	4.6%	Action
Amount of money raised from the disposal of land and buildings	Dec-2022	£2,465,400	£837,000	Strong
Projected achievement of in-year budget savings	Dec-2022	£7.337m	£8.057m	Review (Action in Q2)
Number of older people and disabled people able to access short term assistance to regain or increase independence	Dec-2022	2,023	2,691	Action
Number of permanent admissions to residential and nursing homes	Dec-2022	731	699	Review
Number of people with social care needs receiving Assistive Technology	Dec-2022	721	450	Strong
Completed domestic abuse interventions	Dec-2022	37.1%	29.0%	Strong
Percentage of parents/carers who feel that their child's education, health and care plan has the right support in it	Dec-2022	81.8%	Not set	No Target
Percentage of parents/carers who feel that their views were listened to during the assessment process	Dec-2022	81.8%	Not set	No Target
Total amount of expenditure on the delivery of the Local Transport Programme	Dec-2022	£28.600m	£30.000m	Review (Good in Q2)
Percentage of defects completed within target timescales	Dec-2022	81.5%	90.0%	Review (Action in Q2)
Percentage of Principal roads where maintenance should be considered	Dec-2022 (Annual Measure)	15.4%	13.0%	Action
Percentage of Non-principal classified roads where maintenance should be considered	Dec-2022 (Annual Measure)	22.1%	23.0%	Good (Strong in 2021-22)
Percentage of Unclassified road network where maintenance should be considered	Dec-2022 (Annual Measure)	30.2%	31.0%	Good
Percentage of residents satisfied overall with Highways and Transportation services	Dec-2022 (Annual Measure)	51.0%	57.0%	Action (Review in 2021-22)
Reduction in employee mileage	Nov-2022	4,835,294	4,638,791	Review
Number of start-up businesses supported	Dec-2022	314	150	Strong
Percentage of premises across the county that have access to Superfast broadband (>30Mbps)	Dec-2022	97.3%	97.3%	Good

Key Measure	Date	Actual	Target	Performance
Percentage of 16 to 17 year olds in education, employment or training (3 month avg)	Nov-2022	72.7%	88.8%	Action (Good in Q2)
Amount of Apprenticeship Levy transferred to businesses	Dec-2022	£269,095	Not set	No Target

Key Measures with new data for Quarter 2

The following measures have been updated during Quarter 3:

Key Measure	Date	Actual	Target	Performance
Number of participants who have improved their physical activity level	Sep-2022	161	150	Strong
Percentage of pupils achieving a standard pass or higher (grades 4-9) in English and Maths at GCSE	Aug-2022 (Annual Measure)	67.5%	64.3%	Good
Percentage point gap between disadvantaged pupils in Derbyshire and non-disadvantaged pupils achieving a standard pass or higher (grades 4 to 9) in English and Maths at GCSE	Aug-2022 (Annual Measure)	31.6	28.2	Action

Key Measures reported in Earlier Quarters

The following measures have not been updated for Quarter 3:

Key Measure	Date	Actual	Target	Performance
Uptake of full sexual health screen out of those eligible	Sep-2022	75.8%	60.0%	Strong
Percentage of pupils achieving the expected level in Phonics	Aug-2022 (Annual Measure)	75.0%	75.0%	Good
Percentage point gap between disadvantaged pupils in Derbyshire and non-disadvantaged pupils achieving the expected standard in Phonics	Aug-2022 (Annual Measure)	18.7	20.6	Strong

Progress on Council Plan priorities

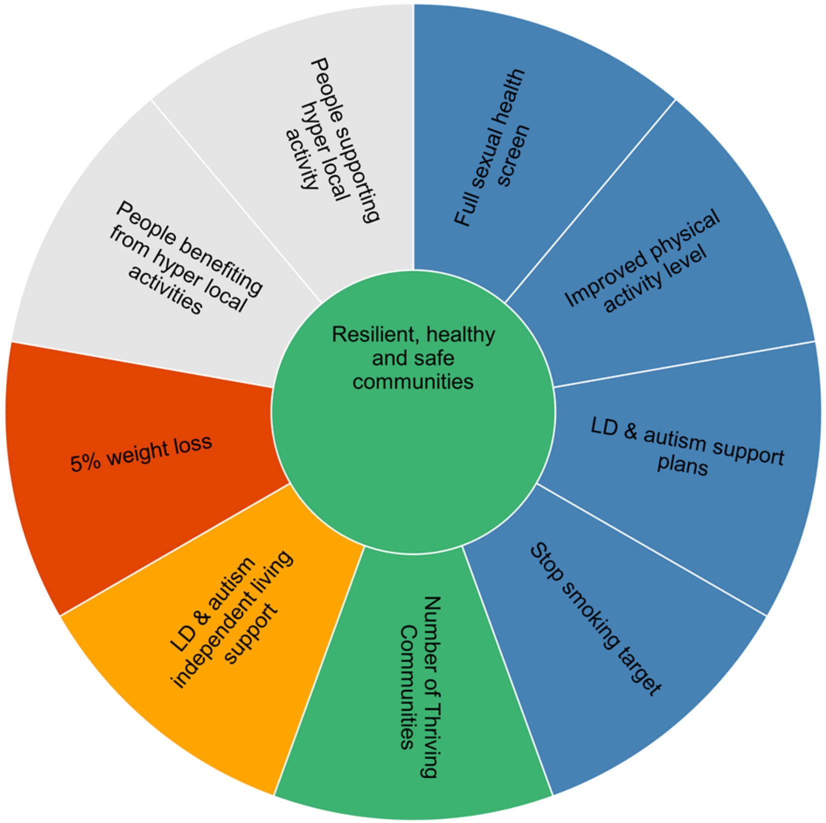
Resilient, healthy and safe communities

Overview

This priority shows overall “Good” progress for Council Plan deliverables, with 2 deliverables rated as “Strong”, 7 deliverables rated as “Good” and 2 deliverables rated as “Requiring Review”. These are shown graphically in the left-hand wheel below. Overall, the measures for this priority are rated as “Good” based on 7 rated measures. These are shown graphically in the right hand wheel below and listed in the following table.

Deliverable Progress

Key Measures



Key Measure Summary

Key Measure	Date	Actual	Target	Performance
Number of participants in Council delivered stop smoking programmes who stop smoking	Dec-2022	1,101	900	Strong
Number of participants in Council weight management programmes who achieve 5% weight loss	Dec-2022	165	210	Action
Uptake of full sexual health screen out of those eligible	Sep-2022	75.8%	60.0%	Strong
Number of participants who have improved their physical activity level	Sep-2022	161	150	Strong
Number of communities (geographic or thematic) applying a Thriving Communities approach	Dec-2022	6	6	Good
Number of people from organisations and communities directly supporting the running of hyper local activity in Thriving Communities areas	Dec-2022	62	Not set	No Target
Number of people who received support or benefiting from hyper local activities in Thriving Communities areas	Dec-2022	9,714	Not set	No Target
Number of people with a learning disability and/or who are autistic with an outcome focused support plan	Dec-2022	541	445	Strong
Number of people with a learning disability and/or who are autistic supported to move from 24-hour residential care to more independent supported living setting	Dec-2022	21	23	Review (Strong in Q2)

Progress on our deliverables and key measures

Worked with partners to enable individuals and communities to lead healthier and happier lives, accessing support when and where they need it to encourage physical activity, help people stop smoking and manage their weight

Rating: Good **Expected completion date: 31 Mar 2023**

In Quarter 3, 613 people set a smoking quit date and 398 people are forecast to achieve a 4 week quit based on a 65% quit rate. So far in 2022-23, 1,687 people set quit dates and 1,101 people achieved 4 week quit (65%). The 4-week quit rate of 65% remains above the England average of 59%. Live Life Better Derbyshire (LLBD) is leading the implementation of the tobacco dependency treatment project in Derbyshire that has begun to offer stop smoking support to inpatients at Chesterfield Royal Hospital and Derby Hospital.

Demand for weight management services remains high. In Quarter 3 547 people started the weight management programme, and it is projected that 65 people will achieve a 5% weight loss based on 20% of completers achieving target. 1,610 people started the weight management programme in 2022-23, and it is projected that 165 people will achieve a 5% weight loss. Performance in Quarter 1 was affected by a large number of referrals in Quarter 4 of 2021-22 as GP practices were incentivised to refer into weight management programmes. Some of the individuals referred were not ready for change and the large number of referrals together with staff vacancies meant that the weight management service had lengthy waiting times. LLBD continue to add new clinics to meet the demand for face-to-face delivery and are exploring measures to improve client retention rates, especially in relation to males and people with a learning disability.

Demand for physical activity services has remained high in Quarter 3, with the waiting time between initial contact with the service and receiving support via the programme remaining on average at three and a half weeks and 476 people starting the programme. New clinics have been added in the new year to prepare for the anticipated high seasonal demand in January 2023. Overall, the target for Quarter 1 and Quarter 2 of 150 has been achieved with 161 clients more active. LLBD have introduced a new Move 4 Wellbeing pathway giving access to our physical activity service for people with low to moderate emotional wellbeing.

Throughout Quarter 3, there have been 5,526 contacts into the Derbyshire Integrated Sexual Health Service, not including online services. In Quarter 3 there have been 139 appointments for pre-exposure prophylaxis, a drug that is used for

1,101
Number participants who stop smoking for 4 weeks
31 DEC 22

2019-2020	1,158
2020-2021	1,554
2021-2022	1,757
2022-2023	**1,101**
Target	900
Performance	Strong
Number of Participants	1,687

165
Participants who achieve 5% weight loss (projected)
31 DEC 22

2019-2020	232
2020-2021	129
2021-2022	240
2022-2023	**165**
Target	210
Performance	Action
Number of Participants	1,610

75.8%
Full sexual health screen
30 SEP 22

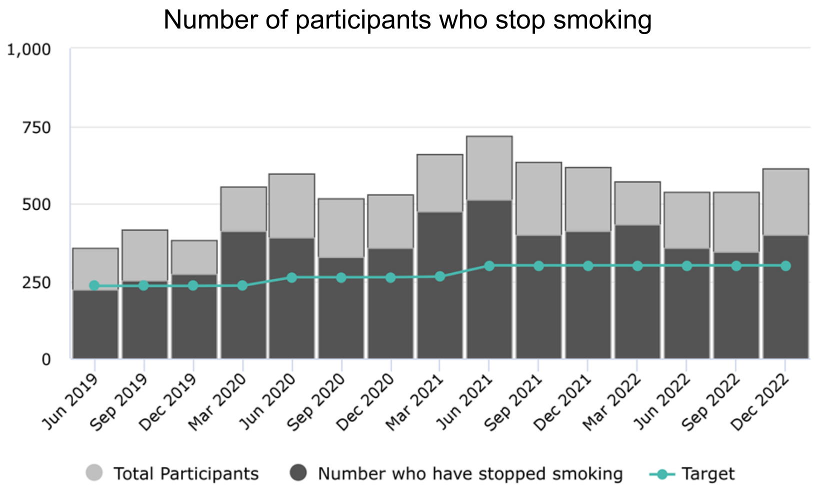
2022-2023	**75.8%**
Target	60.0%
Performance	Strong

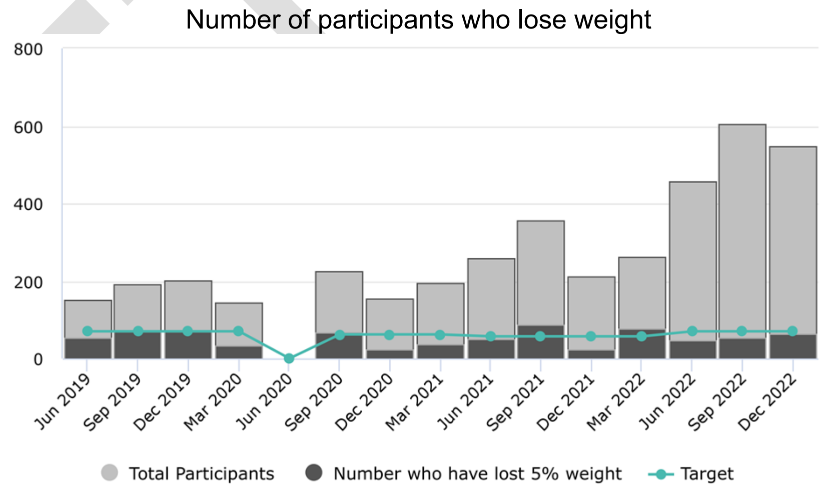
161
Participants improving their physical activity level
30 SEP 22

2022-2023	**161**
Target	150
Performance	Strong
National Benchmark	234

the prevention of HIV. At the end of Quarter 3, 85 schools are engaged and working on the Relationship and Sexual Education (RSE), Building Effective Relationships Together Award. 25 schools in total have now achieved the Bronze RSE Award with 2 schools achieving the Silver Award.

Public Health commission the Derbyshire Recovery Partnership to deliver adult substance misuse support services. In Quarter 3 there have been 530 referrals and there are 3,550 people in treatment at the end of the quarter. During Quarter 3 we have seen an increase in the number of successful completions for opiate users but a slight downturn in successful completions for non-opiates and alcohol. In response to this downturn, Derbyshire Recovery Partnership has developed lead roles and a refreshed programme of interventions which are designed to empower key workers, this has lead to an improvement in online support and advice.





✅ Provided support to people and communities in need, including financial help from our discretionary fund, and other activities that promote financial inclusion

Rating: Good **Expected completion date: 31 Mar 2023**

Throughout Quarter 3 the Council has continued to provide support to people and communities in need, including financial wellbeing via the Derbyshire Discretionary Fund. Demand for these services continues to be high due to the ongoing cost of living crisis and the support provided by the Household Support Fund, which is administered via the Derbyshire Discretionary Fund. There have been 6,245 awards in Quarter 3 (up to 16 December 2022) totalling £644,599. There have been no instances of flooding hardship this quarter.

The Welfare Rights Service has had a very busy period across most teams that has pushed capacity. The impact from the rise in the cost of living, and the Council's communications work, has raised the amount of residents that are coming through to the Service. The Helpline has been able to move back to taking more live calls again, which assists in removing some capacity pressure on Call Derbyshire and is supporting those 'additional' residents accessing the Service, due to the cost-of-living impact, more swiftly. As a result, the number of people the service is supporting to maximise their benefit income has remained very high. 6,452 people during Quarter 3 (up to 16 December 2022) have been supported to maximise their benefit income across provision delivered by the Welfare Rights team.

Wider support for financial inclusion provided by Public Health Advisory Services continues to be high in both GP surgeries and community settings and providers are reporting that individual cases are more complex with multilayer problems, thus requiring more follow up appointments and ongoing case work. During Quarter 3 the service has made 6,215 contacts, and has supported people to gain £3,266,233 in income and to manage £1,123,029 of debt.

Implement key actions to reduce discrimination and tackle inequalities as set out in the Council's new Equality, Diversity and Inclusion Strategy 2022-2025

Rating: Good **Expected completion date: 31 Mar 2023**

Overall, progress is being made against the majority of priorities identified for delivery during 2022-23. All five workstreams are being resourced with officers from across different services with all departments contributing. Additional stakeholders, such as representatives from employee networks and the trade unions, or from community groups, are also contributing to the development of action plans, or helping to shape identified priority activity.

Work has begun to monitor performance. The first six-month performance report on progress against the priorities contained in the Equality, Diversity and Inclusion (EDI) Strategy was presented to senior management on 29 November 2022. In addition, activity which was timetabled for later in the life cycle of the Strategy, such as responding to changes in interpreting and translation services, development of an EDI Policy, and the need to review practice in relation to the collection of customer, community and employee data has been brought forward.

A key priority over the next quarter will be the review and refresh of the EDI Strategy to take account of emerging issues for both the Council and Derbyshire more widely.

Ensured the Council's strategic approach to community safety responds effectively to existing and emerging challenges such as serious violence and County Lines

Rating: Good **Expected completion date: 31 Mar 2024**

Work is ongoing against all of the priorities in the Derbyshire Community Safety Agreement. A new structure of Thematic Boards has been agreed by the Derbyshire Safer Communities Board in order to strengthen the Partnership response. A number of the Boards are well established and have delivery plans in place and the new Boards have now all met. There is further work to do to establish a performance framework for the Thematic Boards and this is now in progress. The Council is taking a key leadership role in this work.

Further develop and embed the Thriving Communities approach to increase the number of people taking part in hyper-local activity and/or support, as part of connected teams of public services and communities working creatively together

Rating: Good **Expected completion date: 31 Mar 2023**

During this quarter, work has continued to develop Connected Teams of Council Officers and other partner agency employees working flexibly alongside communities and Elected Members. This work continues to be active in six areas and has seen 26 employees and 36 local people supporting activity in this quarter. The number of people benefitting from Thriving Communities activity increased from 3,478 in Quarter 2 to 4,450 in Quarter 3, meaning that 9,714 people have benefited this year.

In Gamesley the number of people benefitting has increased as a result of working in partnership with a national energy provider and other funders to secure additional help for local people struggling to make ends meet during the cost of living crisis. In Shirebrook, with the new community space re-opening in September, there has been a rise in the number of groups operating and people attending. There has also been more use of the space locally for employees to network and collaborate. Good progress has also been made in Langley Mill and Ashbourne to bring together local partners and make plans for how to better collaborate on local issues. There remains no doubt that the Connected Teams part of the Thriving Communities model mobilises employee and community action, is of value locally, and can reveal many useful insights for the system.

6

Number of Thriving Communities

31 DEC 22

2021-2022	6
2022-2023	**6**
Target	6
Performance	Good

62

People supporting hyper local activity

31 DEC 22

2022-2023	**62**
Target	Not set

9,714

People benefiting from hyper local activities

31 DEC 22

2022-2023	**9,714**
Target	Not set

However as reported in previous updates, the capacity to support and scale this activity has proven to be more challenging post-Covid. For this reason, there have been three Thriving Communities Board sessions held during this quarter to assess the future direction of the approach. Board discussions have included the positioning of Thriving Communities as one of the Council's three strategic pillars (alongside Enterprising Council and Vision Derbyshire), and the move towards the development of associated business strategies which will direct and underpin the future activity of the Council. Cross-departmental conversations have been productive, culminating in agreement on 8 December 2022 to review and develop a timetable to refresh the approach.

Supported more Derbyshire people to volunteer to help their communities, learning from and building on the remarkable response to the COVID-19 pandemic

Rating: Good **Expected completion date: 31 Mar 2023**

Voluntary and Community Sector (VCS) infrastructure providers across the county have been a vital source of support in mobilising volunteers and the wider sector to assist with response and recovery efforts and support to residents.

At its meeting on 12 January 2023, Cabinet will consider maintaining all existing grant allocations to VCS infrastructure organisations, until March 2024, including an additional £100,000 for providers compared to pre-pandemic levels. Plans for VCS Infrastructure provision post April 2024 are also being developed for agreement.

A new funding framework and grant programme which was launched in January 2021 has resulted in the approval of 135 grants to the value of £803,164.

This funding will enable groups and communities to access resources to make their communities better places, whilst also delivering on the ambitions outlined in the Council Plan and giving charities, social enterprises, community groups and community minded organisations the opportunity to mobilise local people, increase civic participation and deliver community identified priorities. Monitoring of early grant awards is taking place and this will look to identify the number of volunteers mobilised, how they have been supported and the impact funding is having on local communities.

Worked with people with learning disabilities, recovering from mental ill health and/or autism to develop Council services to ensure they are tailored to meet individuals needs and help people achieve their personal goals

Rating: Good (Strong in Q2) **Expected completion date: 31 Mar 2025**

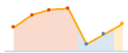
541

People with a learning disability with a support plan

31 DEC 22

2021-2022	373
2022-2023	**541**
Target	445
Performance	Strong

21



People with a learning disability moving from 24-hour care

31 DEC 22

2021-2022	33
2022-2023	**21**
Target	23
Performance	Review (Strong in Q2)

The central team of practitioners continue to work actively with people with a learning disability or who are autistic. In total (since we started monitoring in 2021-22) 541 people have a new outcome focused plan in place. Cabinet have now taken the decision to redesign the Council offer of day opportunities for people with a learning disability and / or who are autistic and formal consultation with staff is underway. Further progress has been made to support people with a learning disability to move from a short term residential placement to a supported living long term home within local communities and plans are in place to continue to progress during the year. Eight people have moved in the last quarter which is below the aspirational target of 13 people. This is because the service is working alongside people who have learning disabilities or who are autistic to support them into more independent settings and finding appropriate settings can take time. Whilst not all individuals have moved as anticipated during the quarter, suitable settings have been identified and those people are waiting to move. This brings the total to 54 people since April 2021. Work is continuing with our Health partners to improve our joint services for people with a learning disability and / or who are autistic recovering from mental ill health.

Transferred a minimum of five libraries to community management, engaging and involving communities in the development of a cost-efficient library service

Rating: Review **Expected completion date: 31 Oct 2024**

Woodville Library transferred to Community Management on 21 August 2021. The Library Service has received Expression of Interest and Business Case applications for a further 2 libraries to be transferred: Old Whittington and Wingerworth. An expression of interest has also been received for Tideswell Library. The Library Strategy was relaunched in September 2021 to help drive renewed community interest in the transfer scheme. This action has been rated as review as no further interest has been received to date and in response to this a new approach is being developed moving forwards as part of the refresh of the Library Strategy.

Reviewed how the Council delivers home to school transport for children with special educational needs ensuring the most effective use of resources

Rating: Review **Expected completion date: 31 Mar 2025**

Work in this area during Quarter 1 highlighted a number of new and unexpected risks and challenges which required urgent focus delaying progress of this review. These issues included staff turnover and capacity within dependent areas of delivery which impacted business as usual service delivery and reduced capacity to develop this area of transformation. Mitigation of these risks has enabled some progress again this quarter. During Quarter 3 a pilot panel process has been established to focus on the decision-making process and how Children's Services can best assess the need for home to school transport to enable Place to plan the most effective use of resources. The need for information at specific times is key for effective delivery and this will be clearer once the pilot panel starts to embed. This pilot process will take us to March 2023. Work to support better efficiencies and better outcomes will be developed based on the information and intelligence gathered from the pilot once it has completed.

Finalised the review of voluntary and community sector grants and established a consistent approach to future funding to support the sector to recover well, grow and thrive

Rating: Strong (Good in Q2) **Expected completion date: 31 Mar 2023**

Work has continued on the implementation of the final phase of the review and immediate actions following Cabinet approval of proposals in July 2022.

Following a six-week period of engagement, decision letters were issued on the 7 November 2022 to all 62 organisations covered by the review on the future status of their funding. Any decision to withdraw funding also included the issuing of formal notice of grant funding ending on 31 March 2023. These decisions were binding.

For those grants where agreement had been reached to commission funding moving forward, work will continue to ensure new arrangements are in place from April 2023, to ensure that there is no gap in the provision of activity. Any interim arrangements will follow and align to agreed grant policies and processes. It is the intention for the review of recurring grants to the Voluntary and Community sector (VCS) to be brought to an end by 31 March 2023 and new arrangements be taken forward as business as usual activity.

Plans for VCS Infrastructure provision post April 2023 are also being developed for agreement. A report to Cabinet on 12 January 2023 will ensure sector support provision is maintained until March 2024 with the Council continuing to work with providers to develop the approach further. A working group, led by the Integrated Care Board, has recently been established which includes representatives from Strategy and Policy, Adult Care and current infrastructure providers. The purpose of the working group is to explore the needs of the VCS in Derbyshire and understand whether sector needs are being met by the current infrastructure offer.

Established a new grant funding prospectus and framework and provided grants which promote positive behaviours for young people and residents, improve local networks, help people to feel safer, and encourage sustainable and green activity

Rating: Strong **Expected completion date: 31 Mar 2023**

Delivery of the Council's new, outcomes-based funding programme for the sector continues through the Funding Framework and Prospectus. This includes investing in local people and communities to create opportunities for them to adapt, develop and grow.

Application packs are being sent to groups on a regular basis and at 31 December 2022, 326 applications had been received across all of the priority funding areas.

The most recent application round for medium grants closed on the 31 October 2022, and the Council received 54 applications requesting over £1.6million worth of funding. Final determinations were made in November and December, totalling £320,118.

To date 135 grants to the value of £803,164 had been approved.

Of these:

- 49 grants met criteria relating to feeling safe and included in their local community, to the value of £389,900;
- 40 grants met criteria relating to promoting positive behaviours amongst young people, to the value of £292,784;
- 18 grants met criteria relating to being green and sustainable, to the value of £177,513;
- 27 grants met criteria relating to increasing civic participation and delivering community identified priorities, to the value of £196,330;
- 46 grants met the criteria relating to being physically active and making positive lifestyle choices, to the value of £270,622.

The total value of grants made across all outcomes was £1.32m, clearly demonstrating the benefits and added value of a outcomes based, corporate approach.

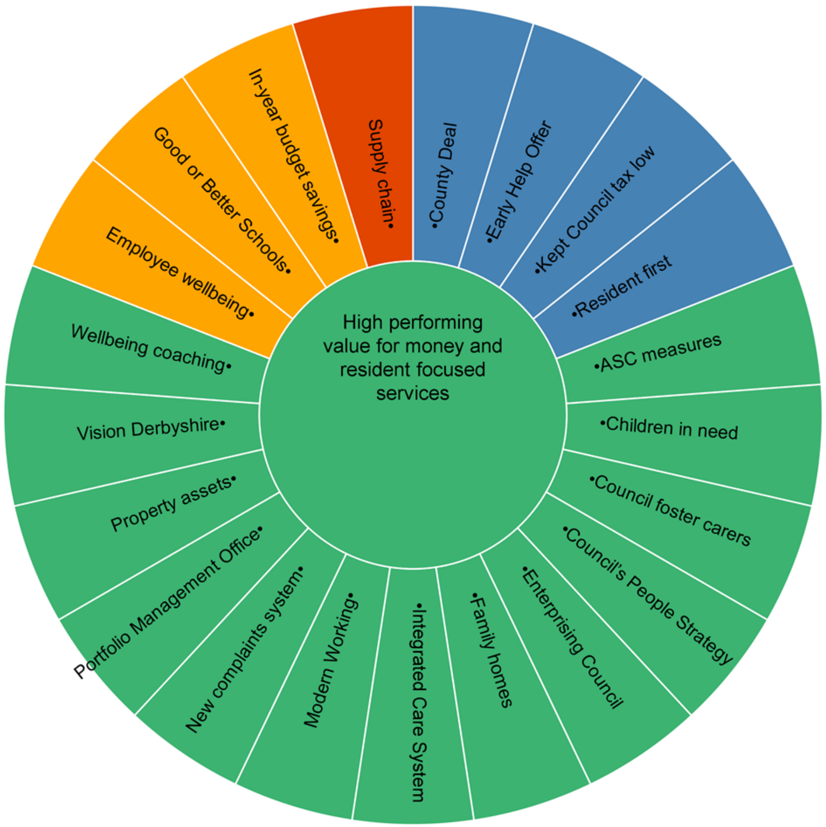
Work has also been undertaken to incept a new grant priority within the existing approach in respect of the cost of living crisis, specifically in respect of community 'warm spaces', which began accepting funding applications on 31 October 2022. At 31 December 2022, 115 applications have been received and 92 have been approved to the value of £95,590.

High performing, value for money and resident focused services

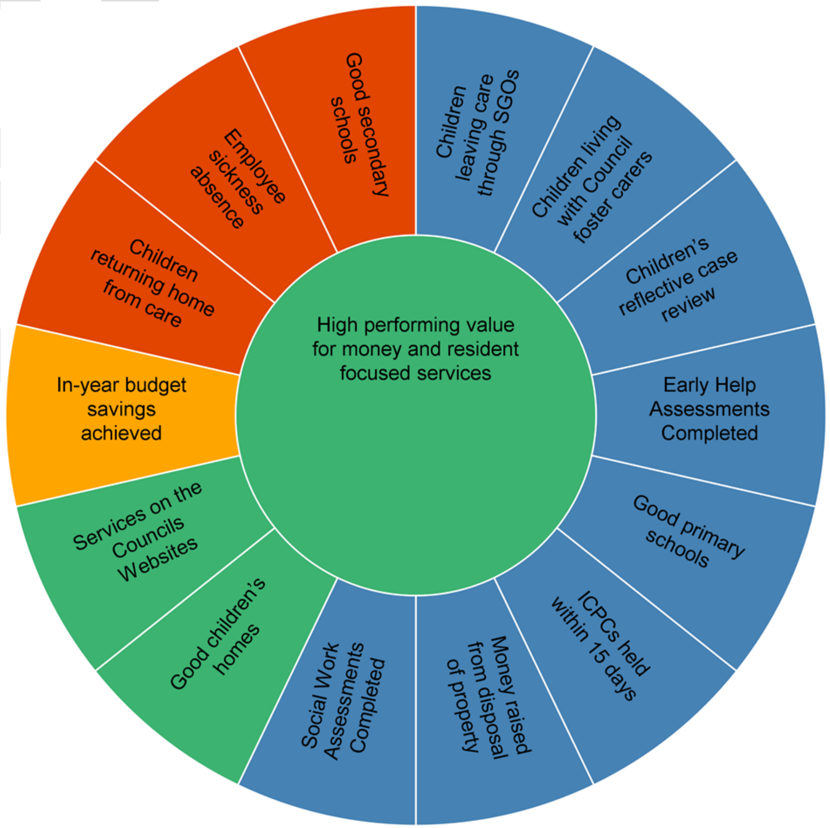
Overview

This priority shows overall “Good” progress for Council Plan deliverables, with 4 deliverables rated as “Strong”, 13 deliverables rated as “Good”, 3 deliverables rated as “Requiring Review” and 1 deliverable rated as “Requiring Action”. These are shown graphically in the left-hand wheel below. Overall, the measures for this priority are rated as “Good” based on 14 rated measures. These are shown graphically in the right hand wheel below and listed in the following table.

Deliverable Progress



Key Measures



Key Measure Summary

Key Measure	Date	Actual	Target	Performance
Rate of improvement in the proportion of pupils in 'Good' or better primary schools	Dec-2022	1.5	0.8	Strong
Rate of improvement in the proportion of pupils in 'Good' or better secondary schools	Dec-2022	-5.9	0.3	Action (Strong in Q2)
Increase in the proportion of children in care leaving through special guardianship orders where it is safe and appropriate to do so	Dec-2022	16.6%	15.7%	Strong (Good in Q2)
Percentage of children returning home after a period in care	Dec-2022	13.0%	18.0%	Action (Review in Q2)
Number of children living with Council foster carers	Dec-2022	380	327	Strong
Proportion of practice areas with reflective case reviews judged to be good or better	Dec-2022	80.0%	70.0%	Strong
Early help assessments completed within 45 days	Dec-2022	95.7%	90.0%	Strong
Social work assessments completed within 45 days	Dec-2022	90.3%	85.0%	Strong (Good in Q2)
Initial child protection conferences within 15 days	Dec-2022	90.8%	79.0%	Strong
Percentage of Council run children's homes rated as 'Good' or 'Outstanding' by Ofsted	Dec-2022	91.7%	91.0%	Good
Number of services accessed via e-forms on the Council websites	Dec-2022	153	150	Good
Employee sickness absence (Council, not including schools)	Dec-2022	5.5%	4.6%	Action
Amount of money raised from the disposal of land and buildings	Dec-2022	£2,465,400	£837,000	Strong
Projected achievement of in-year budget savings	Dec-2022	£7.337m	£8.057m	Review (Action in Q2)

Progress on our deliverables and key measures

Worked with schools so that the percentage of children and young people attending good or better schools improves at a faster rate than nationally

Rating: Review (Good in Q2) Expected completion date: 31 Mar 2025

1.5 
% point change in pupils in 'Good' or better primary schools
31 DEC 22

2021-2022	2.0
2022-2023	**1.5**
Target	0.8
Performance	Strong

-5.9 
% point change in pupils in 'Good' or better secondary schools
31 DEC 22

2021-2022	1.9
2022-2023	**-5.9**
Target	0.3
Performance	Action (Strong in Q2)

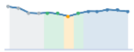
The target set for the 2021-22 academic year was for Derbyshire to improve the proportion of pupils attending good or better schools at a faster rate than that seen nationally. This target was achieved for both primary and secondary pupils. Although the rate of improvement was higher than that seen nationally with the gap narrowing, the overall percentage of pupils attending good or better schools is still too low in both phases, particularly at secondary level, and the deliverable has remained a priority for the 2022-23 academic year.

The proportion of Derbyshire pupils attending good or better primary schools has increased by 1.5 percentage points so far during the 2022-23 academic year from 84.3% at the end of August 2022 to 85.8% at the end of December 2022. Nationally there was a smaller increase of 0.8 percentage points during the same period. The percentage of Derbyshire pupils in good or better primary schools (85.8%) is 5.1 percentage points below the national average (90.9%) and 3.6 percentage points below the average of our statistical neighbour benchmarking group (89.4%). The proportion of Derbyshire pupils attending good or better secondary schools has decreased by 5.9 percentage points so far this academic year from 63.0% at the end of August 2022 to 57.1% at the end of December 2022. Nationally there was a small increase of 0.3 percentage points during the same period. 6 secondary schools had an inspection outcome published during the quarter. 3 schools dropped from a good or better judgement at their last inspection to requiring improvement or inadequate in their latest inspection (New Mills, The Ecclesbourne School and Netherthorpe School). One school improved from requiring improvement to good (David Nieper Academy) and 2 schools remained in the below good or better group of schools (Eckington School and Kirk Hallam Community Academy). The overall percentage of Derbyshire pupils in good or better secondary schools (57.1%) is 26 percentage points below the national average (83.1%) and 25.8 percentage points below the average of our statistical neighbour benchmarking group (82.9%).

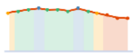
Findings and learning from recent Ofsted inspections are routinely disseminated at briefings with headteachers and governors. A key area in which schools require support is for recording the actions that have been taken to keep children safe in education. As a result, the Child Protection Manager is continuing to deliver key messages at meetings with headteachers, link advisers as well as with Designated Safeguarding Leads. Schools which are to be inspected imminently are targeted for a discussion about safeguarding procedures and link advisers continue to focus on safeguarding through curriculum reviews they are undertaking.

Helped more children in care to return to live with their birth families, or to find other loving, permanent family homes

Rating: Good **Expected completion date: 31 Mar 2025**

16.6%

CiC leaving through SGOs
31 DEC 22

2021-2022	15.7%
2022-2023	**16.6%**
Target	15.7%
Performance	Strong (Good in Q2)

13.0%

Children returning home from care
31 DEC 22

2020-2021	15.0%
2021-2022	17.0%
2022-2023	**13.0%**
Target	18.0%
Performance	Action (Review in Q2)

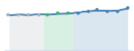
The 'Providing Permanence Outside Care' activity has continued to be embedded. Assessments are being completed with more children across the county in order to inform decisions about their return to live with birth families or their ability to progress other permanence plans such as Special Guardianship. There is a lag time for positive assessments to translate into children in care actually leaving care through these pathways. For the 12 months to the end of December 2022, 16.6% of children left care through Special Guardianship orders, the same as the position at the end of Quarter 2 and higher than 15.7% at the end of March 2022.

13% of children returned home after a period of care for the 12 months to the end of December 2022, down from 15% last quarter. The target for Derbyshire is to be higher than the national average for this indicator. Published annual figures released during Quarter 3 show that 18% of children nationally left care to return home to live with parents or relatives as part of the planning process. Derbyshire's validated figure for the same period was 17% showing that we are still tracking below national figures. We continue activity to understand the success and sustainability of the work and how it supports practitioners to deliver creative and impactful plans for children.

We have commenced work to review our edge of care offer, this work will inform how we shape our services and support packages to help children remain at home with their families, help them return home and how we support children placed in care to achieve placement stability.

Increased recruitment, utilisation, and retention of Council foster carers to ensure that more children in our care can benefit from loving stable homes with foster carers

Rating: Good **Expected completion date: 31 Mar 2025**

380

Children living with Council foster carers
31 DEC 22

2021-2022	327
2022-2023	**380**
Target	327
Performance	Strong

The Council's Fostering Service continues to be our provider of choice due to both quality and cost. We continue to focus on increasing the number of in-house foster carers and strive to improve placement capacity for our children and young people. At the end of Quarter 3, there were 380 children living with Council foster carers. This is an increase from 361 at the end of Quarter 2. The target this year is to be in line with or increase the end of March 2022 position when 327 children were living with Council foster carers.

Recruiting and retaining foster carers remains a challenge nationally, and for the Council. At the end of Quarter 3, there were a total of 270 fostering households with 3 new mainstream fostering households approved during the quarter. There have been 6 mainstream approvals since the beginning of the financial year. There are 10 assessments in progress, with a projected conversion rate of 10-12 mainstream fostering households being approved this financial year. 14 mainstream foster families left the service during Quarter 3, resulting in a net loss of 11 when the number of new approvals is taken into consideration. 61 Derbyshire fostering households have been fostering between 5-10 years. 100 fostering households have been fostering for 10 years and over. The Fostering Network estimates that the average length of service for a foster carer is 6.3 years, which indicates possible vulnerability in to our ability to retain existing foster families now and in the future. Marketing activity aimed at targeting a younger cohort of foster families remains a priority for the service and is therefore a priority for the Fostering Service Modernisation Programme. The cost of living and being unable to afford to foster is increasingly being cited by potential foster carers for not choosing to Foster with Derbyshire. It is also the main reason that existing foster carers have resigned or are considering resigning.

The utilisation of fostering placements remained above the target of 95% at the end of Quarter 3, with 98% of available placements filled and only 3 vacant places.

Enquiries to the Fostering Service were low during Quarter 3, continuing the trend seen in previous quarters. A total of 55 enquiries were received during Quarter 3, which is significantly below the target of 150 enquiries. Despite the low number of enquiries, collaboration between the Fostering Service and the Digital Communications Team continues to target marketing activity in order to generate enquiries that are more likely to progress to application and assessment, thus improving the approval conversion rate. This will be underpinned by a new Marketing, Recruitment and Retention Strategy. A similar picture is reported across the Derby, Derbyshire, Nottingham and Nottinghamshire Local Authorities.

Work continues on embedding and sustaining the practice developed to improve recruitment through the Achieving Great Futures Sufficiency Workstream in 2021-22, however, there has been an increase in the number of enquiries that do not progress because the team is unable to make contact, despite numerous attempts to do so. This trend also follows national trends, where from 2018-2022, the number of mainstream fostering applications has fallen from 10,520 in 2018 to 8,280 in 2022. This year, Independent Fostering Agencies reported a ratio of 23 initial enquiries per application and Local Authorities reported a ratio of 8 initial enquiries per application. Both sectors' ratios suggest that a relatively large volume of enquiries are not translating into applications. The Council's current ratio is approximately 1 in 20 initial enquires per application. The Fostering Modernisation Programme is looking at increasing the capacity in our recruitment team to include a full-time Marketing Officer as currently there is only 0.25 full-time equivalent dedicated Support Management time leading on the recruitment of Foster Carers.

The Fostering Service Modernisation Programme will enable the service to build on its strengths whilst ensuring that we are in the best position to grow the service and care for more children in-house, in high-quality family placements, against the backdrop of an increasingly competitive market. However, the low number of enquiries received during Quarters 1, 2 and 3 when added to the trend in the number of foster families leaving the service means that the service remains in net loss in 2022-23.

Improve the quality of our support for children identified as being in need, so that concerns do not escalate

Rating: Good **Expected completion date: 31 Mar 2025**

We have continued to progress work which strengthens the line of sight of children in need. This work is embedding across localities with the aim of ensuring intervention is timely and impactful for children. This work has improved evidence of manager oversight of child in need work and we have fine-tuned our records system to make sure child in need plans are shared with families in a timely way. The impact of this work will be kept under review. New tools and guidance to support staff working with children and families at the edge of care has been published. The work was informed by regional development work to strengthen tools available to workers supporting children. We have also commenced work to review the service offer to children at the edge of care, this work will make recommendations in regard to strengthening how services are able respond to need. The early help strategy is also identified as a key priority 'big ticket item' for 2023 with the aim of strengthening partnership engagement.

Developed a longer-term preventative wellbeing coaching model that offers health and wellbeing advice to prevent, reduce and delay the need for adult social care services

Rating: Good (Review in Q2) **Original completion date: 31 Dec 2022** **Expected completion date: 31 Mar 2023**

The Health and Wellbeing Team have made good progress on developing a new service model during Quarter 3. A number of the challenges that were identified early in the project have now been completed. Recruitment following the restructure has also been completed. The online forms to access the service have been developed and agreed and will go live on 1 April 2023. The team will be working with Nottingham University to complete surveys and analyse the responses from the Customer Journey mapping exercise in the new year. The coaching qualification will commence in Quarter 4. The team have dealt with 107 introductions to the health and wellbeing advisory services through the Winter Pressures Single Contact Point during the quarter and through progressing the prototyping project, have been able to continue 'business as usual' activities and are currently actively supporting 211 people. The progress made on the prototyping project has enabled the team to re-start some generic introductions in some areas and see how the service model can move forward to become a sustainable service. Capacity of the team is reviewed regularly to help to manage demand.

Provided consistent, high quality early help and safeguarding services for children and families across Derbyshire

Rating: Strong (Good in Q2) **Expected completion date: 31 Mar 2023**

A stable, motivated and high performing workforce is essential to providing consistently good services for our children and young people and we have continued to strengthen our recruitment and retention activity, including increased engagement with Frontline and Apprentice Social Work training. However, as highlighted by the 'Care Review', the recruitment of experienced qualified social workers is a national challenge and more recently the Council has seen recruitment of children's social workers dip below the expected trajectory for the first time in four years. The impact of this is variable across localities with some experiencing more vacancies than others. These inconsistent peaks have tended to move around the county dependent on locally specific issues (e.g. specific targeted recruitment campaigns in a neighbouring authority).

The Council's practice model, Stronger Families Safer children was refreshed last year and training rolled out. We have also published new Practice Standards for our social workers which complements our full policy and procedures by providing clear best practice guidance for our staff. The wider workforce development programme continues to be reviewed to ensure pathways for learning and development remain relevant and meet expectations. In September 2022 Ofsted completed a focused visit which looked at children in need and subject to a protection plan. Whilst focused visits do not provide a graded judgement the letter received from Ofsted following the inspection stated: 'Children in need or subject to a protection plan in Derbyshire now benefit from a stronger and more consistent service response. Children and their families are well supported by committed social workers and managers who know them well, have a sound understanding of their needs and what should happen to improve their lives. They work tirelessly with families alongside partner agencies to ensure that the right support and services are made available for children in their families and network. As a result, many families have been empowered to make positive changes and adjustments, enabling their children to make good progress'.

We have continued to audit the quality of our work using Reflective Case Reviews (RCRs). 80% of practice areas within the RCRs completed over the last rolling 6 months period were judged to be good or better. 11 out of the 12 (91.7%) of Derbyshire children's homes are judged good or better at the end of December 2022. Performance focused on the timeliness of key processes that keep children safe continues to be solid with 90.3% of social work assessments and 95.7% of early help assessments completed within timescales and 90.8% of initial child protection conferences held within timescales.

80.0%

Children's care reflective case reviews good or better

31 DEC 22

2020-2021	57.3%
2021-2022	77.4%
2022-2023	**80.0%**
Target	70.0%
Performance	Strong

95.7%

Early help assessments completed within 45 days

31 DEC 22

2020-2021	86.9%
2021-2022	97.0%
2022-2023	**95.7%**
Target	90.0%
Performance	Strong

90.3%

Social work assessments completed within 45 days

31 DEC 22

2020-2021	92.2%
2021-2022	90.5%
2022-2023	**90.3%**
Target	85.0%
Performance	Strong (Good in Q2)
National Benchmark	87.6%

90.8%

Initial child protection conferences within 15 days

31 DEC 22

2020-2021	84.2%
2021-2022	88.5%
2022-2023	**90.8%**
Target	79.0%
Performance	Strong
National Benchmark	83.0%

91.7%

Children's homes rated as 'Good' or 'Outstanding'

31 DEC 22

2020-2021	90.0%
2021-2022	100.0%
2022-2023	**91.7%**
Target	91.0%
Performance	Good

Implemented new national inspection measures for adult social care to benchmark across the sector to improve outcomes for local people and drive value for money

Rating: Good **Expected completion date: 31 Mar 2023**

During Quarter 3 Adult Social Care reviewed regional benchmarking data identifying the areas in which we are an outlier and the contributory reasons for this. Plans to take action in these areas are being developed in Quarter 4.

Supported a resident-first approach through a range of mechanisms to improve access to online services and customer service performance

Rating: Strong (Good in Q2) **Expected completion date: 31 Mar 2025**

We continue to roll out more online services and proactive updates to our citizens. We have seen a steady increase in the number of citizens opening accounts month on month. There are presently around 6,000 Derbyshire residents who have opened a My Derbyshire account on the Council's website that enables them to report some incidents on line and also to track progress.

153

Services available through the Councils Websites

31 DEC 22

2021-2022	140
2022-2023	**153**
Target	150
Performance	Good

We have a road map of future implementations that will bring Childrens Services and Adult Social Care process into the services available on line and this is on track for 2023 delivery.

Put in place a new complaints and feedback system to improve service delivery and resident experience

Rating: Good (Review in Q2) **Original completion date: 31 Jul 2023** **Expected completion date: 31 Dec 2023**

Following detailed planning, build and extensive user acceptance testing, all Children's Services complaints and feedback can now be processed within the new Customer Relationship Management system.

Place and Adult Social Care have agreed to implement this system and are on the road map for delivery during 2023.

Implemented Phase 4 of the Vision Derbyshire approach including activity on business support, climate change, homelessness, independent living and skills and employment priorities, creating new arrangements to speed up joint decision making with partners

Rating: Good **Expected completion date: 31 Mar 2023**

The Vision Derbyshire Joint Committee held its third meeting on 5 October 2022 and approved:

- Plans for an extension of the Derbyshire Festival of Business for 2022-23;
- A report on the future proposed workstreams for Planning and Climate;

- A proposal for a review of Vision Derbyshire three years on.

The Joint Committee also received a presentation on an update on progress on a devolution deal for Derbyshire and the potential establishment of an East Midlands Mayoral Combined County Authority.

The Vision Derbyshire Joint Committee will hold its next meeting January 2023. Planning for this committee is a current priority and further work is taking place to progress the light touch review of Vision Derbyshire to ensure that structures and processes at a Derbyshire level continue to be fit for purpose and align with the governance arrangements currently in development for the East Midlands County Combined Authority. This has included the proposal to agree the transfer of hosting arrangements and programme resource to the County Council. Work is now required to prepare for the hosting of the programme team, in particular the reprofiling of roles, commencing the recruitment process, transferring funds and planning work for the forthcoming year following the completion of the light touch review.

Worked with partners and central government to negotiate a County Deal for Derbyshire and Derby as one of the nine early pathfinder areas including securing powers, flexibilities and funding and establishing effective governance arrangements

Rating: Strong **Expected completion date: 31 Mar 2023**

The Government signed a devolution deal with Derbyshire and Derby and Nottinghamshire and Nottingham Councils on 30 August 2022, following negotiations in the Summer, which will see the East Midlands receiving £1.14 billion over 30 years to invest in the region and the establishment of an East Midlands Mayoral Combined County Authority should proposals be approved.

Work has been completed on the development of a proposal outlining the key features of the Deal which was approved at Council on 2 November 2022 for consultation. Consultation commenced on 14 November 2022 and will run until 9 January 2023. A significant amount of work has been undertaken preparing plans and materials for consultation, appointing external providers to support delivery of the agreed approach, organising stakeholder events and additional routes for participation.

A successful stakeholder conference in Nottingham took place on 5 December 2022 and two 'teams live' events also took place for the public and businesses across the area, alongside a series of six 'seldom heard' stakeholder events in Derbyshire.

The Council has continued to maintain ongoing dialogue with key stakeholders, especially district and borough council partners and this has also included a series of Vision Derbyshire meetings. A light touch review of Vision Derbyshire is also underway to ensure that structures and processes at a Derbyshire level continue to be fit for purpose and align with the governance arrangements currently in development for the East Midlands Combined County Authority.

Implemented a programme of strategic transformation as part of Phase 2 of the Enterprising Council approach including the establishment of a new Corporate Portfolio Management Office to ensure projects and programmes are coordinated, consistent and deliver improved outcomes and value for money

Rating: Good **Expected completion date: 31 Mar 2023**

The programme - renamed the Portfolio Management Implementation Programme - is on track to deliver its outcomes and ready to move into business as usual at the end of Quarter 4. Recent recruitment to the permanent Assistant Director role has been successful and recruitment is now underway for remaining posts. A short term training provider has been procured to provide an initial set of professional qualification training to project and programme management employees across the Council to professionalise the Council's capacity and capability. Management of Portfolios (MoP), Managing Successful Programmes (MSP) and PRINCE2 project management training courses are scheduled to take place between January and April 2023. An options appraisal is currently being drafted to procure a longer term training partner.

Reviewed the Enterprising Council approach to identify achievements and successes to date, whilst developing Phase 3 of the programme to transform, modernise, collaborate and innovate as a Council

Rating: Good **Expected completion date: 31 Dec 2023**

The Enterprising Council Programme is currently being reviewed by the Executive Director. This is likely to lead to a rescoping of the programme which will in turn mean activity is realigned, initiated or stopped. This will lead to a better focused and more purposeful programme, better able to deliver the Council's strategic priorities.

Designed, scoped, and developed Phase 2 of the Modern Ways of Working strategy working with employees and assets to progress the Council's approach to further modernising working practice to bring about more agile and flexible working

Rating: Good **Original completion date: 31 Dec 2022** **Expected completion date: 31 Mar 2023**

The Modern Ways of Working (MWOW) programme is currently being reviewed and the scope changed to better reflect the organisational structure and priorities. It is likely to lead to some projects being reassigned to Property programmes and a greater focus in MWOW on the future options for County Hall.

Worked in partnership with the NHS to support the establishment of a well-functioning Integrated Care System, Integrated Care Partnership and Local Place Alliances that benefit the health and wellbeing of the people of Derbyshire

Rating: Good **Expected completion date: 31 Mar 2023**

Throughout Quarter 3 there has been a range of developmental activity across Adult Social Care and Health in relation to the new Derby and Derbyshire Integrated Care System (ICS). Public Health contribute to the new ICS strategic intelligence function by contributing to the development and implementation of the Data & Intelligence Strategy. The Integrated Care Partnership (ICP) has been meeting in shadow format throughout Quarter 3 to further develop governance and working arrangements. The Council has led a piece of work which has ensured that the Health and Wellbeing Board (HWB) governance effectively links in and aligns with the ICP. The Derbyshire HWB has revised Terms of Reference, in place following sign off in October 2022. Work has also taken place to finalise the ICP as a joint committee and this was approved at Cabinet in October 2022.

The Population Health Management Programme, which is a partnership approach to identifying health inequalities at a population level across the health and social care system and identifying future need, has been delivered alongside General Practice colleagues and primary care. Plans have been made to transfer this to business as usual activity across the system by the end of the financial year. This programme of work from Quarter 4 onwards will be led by Derbyshire Community Health Services as they host the Senior Responsible Owner for the programme. A toolkit has been developed which will be shared with partners.

Scoping work for the Integrated Care Strategy continued throughout Quarter 3 with senior officers inputting from the Council and a framework was presented to the ICP on 7 December 2022. The Place Operating Model has been agreed by partners and the first meeting of the County Place Partnership took place on 15 December 2022 and this group will coordinate integrated health and social care activity within Derbyshire. The Health and Wellbeing Board and Integrated Care Partnership governance was agreed by Cabinet in October and the Health and Wellbeing Board's development work to align with the ICS structures has been highlighted in national guidance as a case study example. A new Joint Strategic Needs Assessment (JSNA) is being developed to assess the current and future health, care and wellbeing needs of the local community to inform decision making. The JSNA engagement with system wide partners has been completed. From this, a JSNA template, approach to developing JSNA chapters and training plan have been created. The Council have been testing the self-serve platform which will contain key indicators.

Deployed the Council’s approved People Strategy and associated people priorities, encompassing the Council’s people ambition, employee values and behaviours

Rating: Good **Expected completion date: 31 Mar 2023**

All departmental people plans are being reviewed and aligned to service planning for 2023-24 and work continues to align these to workforce planning and the wider deployment of people initiatives. Policy development work continues in the identified areas of priority with additional areas of focus also in progress for Quarter 4.

Reviewed the Council's Wellbeing Strategy and associated action plan to further support employee wellbeing, reduce sickness absence and improve service delivery

Rating: Review **Expected completion date: 31 Mar 2023**

5.5%

Employee sickness absence (Council, not including schools)

31 DEC 22

2020-2021	4.1%
2021-2022	5.1%
2022-2023	**5.5%**
Target	4.6%
Performance	Action

Cabinet approved the revised Wellbeing Strategy on 17 November 2022. The Strategy focuses on 5 pillars of wellbeing, Physical, Emotional, Social, Financial and Digital and work will now begin on an implementation programme to embed our offer.

The Council works closely with the wider Integrated Care System on wellbeing initiatives and developing policies and resources that can be utilised across the system to maximise our wellbeing offer.

Cabinet approved a revised Health and Safety Policy Statement and Organisational Responsibilities document on 17 November 2022. Work continues to collate all the existing Council Health Safety and Wellbeing policies and guidance and to begin to review and rationalise these into a one Council format.

Work to refresh and introduce a new Health and Safety Self-Audit Form and programme is underway and the Risk Profiling work will be tied into this.

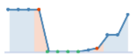
Regular meetings between Health Safety and Wellbeing Managers and HR Business Partners continue to better understand and support departmental needs.

The percentage of employee sickness has increased from 5.4% for the year up to the end of Quarter 2 to 5.5% for the year up to the end of Quarter 3 2022-23, against an end of year target of 4.6%. Sickness levels continue to be reported to Senior Management teams on a regular basis. The sickness data has been refined further to better understand the direct effect that uncontrollable/unmanageable absence (such as Covid-19) is having on sickness levels and to break down further the underlying causes of sickness across the most significant primary causes of sickness. Work continues to further refine sickness data to allow for interventions to be targeted at areas of highest impact to reduce levels of sickness absence.

Completed a programme to centralise ownership, management, and responsibility for all of the Council's land and property assets and budgets, within Corporate Property, to ensure the most effective use of our land and buildings

Rating: Good (Review in Q2) **Expected completion date: 31 Mar 2025**

£2,465,400



Money raised from the disposal of land and buildings

31 DEC 22

2020-2021	£3,961,593
2021-2022	£2,783,000
2022-2023	**£2,465,400**
Target	£837,000
Performance	Strong

The programme to transfer assets and budgets at 01 April 2023 remains on target. Focus has turned to the Budget / Cost Transfer Workstream in particular through Quarter 4 to:

- ensure the running costs and expenditure for all Tranche 1 assets are correctly documented and cost centre adjustment take place to enable 'click of a button' reporting across the full Tranche 1 Estate;
- document procedures to effectively manage budgets from the 'Go Live' Date;
- recruit through Quarter 4 to key posts to manage budgets from 01 April 2023.

Cabinet approval is being sought for the transfer of the budgets at cost to Corporate Property at Cabinet in February 2023.

During Quarter 3 £2.465m was raised from the disposal of land and buildings. This exceeded the Quarter 3 target of £0.837m. The concerns around the uncertainty in the economic and property market did not translate into a reduction in demand and sales out performed reserves. The Council is on track to exceed the end of year target of £2.900m.

Kept Council Tax within the lowest 25% of County Council areas and lobbied government to secure a better funding settlement

Rating: Strong **Expected completion date: 31 Mar 2023**

The Council has recently completed surveys on inflationary pressures for the Society of County Treasurers and County Councils' Network to highlight the cost pressures faced by local authorities in support of requests for additional funding as part of the 2023-24 finance settlement. The Council Leader has recently written to the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) highlighting the inflationary and cost pressures faced by the Council. A similar letter has been drafted for the Secretary of State for Education highlighting the cost pressures faced by schools.

The Managing Director, along with the Chief Executives of Derby, Nottingham and Nottinghamshire, have met the Permanent Secretary at the DLUHC, highlighting the financial pressures faced by the Council.

The Council's Council Tax level remains in the lowest 25% of similar authorities.

Kept on track to achieve all planned budget savings in the current year

Rating: Review (Action in Q2) **Expected completion date: 31 Mar 2025**

7.337

Projected achievement of in-year budget savings

31 DEC 22

2022-2023	£7.337m
Target	£8.057m
Performance	Review (Action in Q2)

The budget savings target for 2022-23 is £8.057m, with a further £14.905m target brought forward from previous years. Of the in-year savings target, it is projected that £7.337m will be achieved in the current financial year. The Council is reviewing all of its savings initiatives and developing a programme of savings proposals to address the estimated funding gap over the medium term. Where savings have not been achieved in previous years and brought forward into the current financial year, mitigations and alternative savings delivery is being considered. Detailed savings are being brought forward by departments as part of the 2023-24 budget setting process.

Implemented a contract and supply chain management regime across the Council which drives value for money throughout the contract lifecycle

Rating: Action **Expected completion date: 31 Mar 2023**

The impact of Covid-19 and Brexit on sourcing and supply chains means procurement & contract management is being recognised as a key strategic part of many organisations. This is creating an unprecedented demand for employees skilled in these areas. This is impacting on our ability to recruit into procurement and contract management vacancies and creating significant delays to establishing and implementing the Council's contract management framework.

However, some work has progressed which will support this deliverable long term. The Derbyshire version of the Contract Classification Tool (a tool used by Central Government to classify contracts as bronze, silver, or gold based on spend, risk and complexity) has now been finalised and classification of the Council's existing contracts is now completed. This will enable easy identification of the Council's high value/high risk contracts and will help prioritise contract management activities once employees are in place.

Contract Management training is now available free of charge via Central Government, and this has been publicised across the Council to enable employees who are currently tasked with managing contracts to access training. The Council are also working with the Cabinet Office in piloting an advance contract management training offer, with 10 employees from various departments taking part. The Derbyshire Contract Management Guide/Framework is also in development and will inform the appropriate level of contract management required for each classification level.

Embedding appropriate levels of commercial contract management will ensure compliance with the National Procurement Strategy and drive cost saving, ensure value for money, and reduce workload into other key teams such as Legal, Audit and Risk.

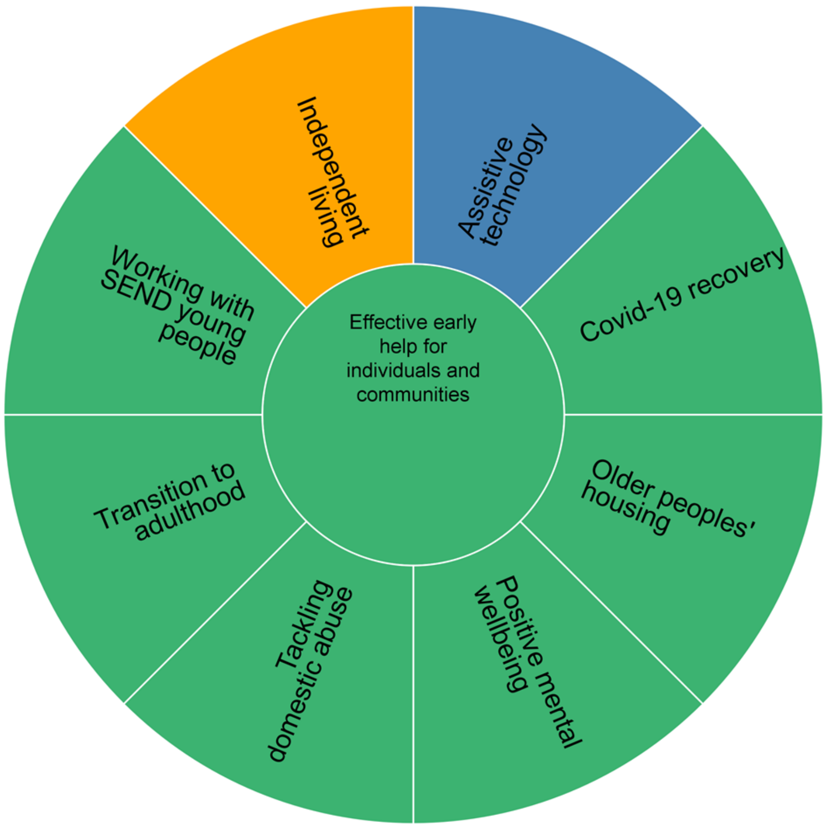
The Sustainable Procurement Policy was agreed by Cabinet in July 2022 and roll-out/implementation has begun with communications being issued both internally and in the press. The first pilot project has been successfully delivered, with more pilot projects now in delivery.

Effective early help for individuals and communities

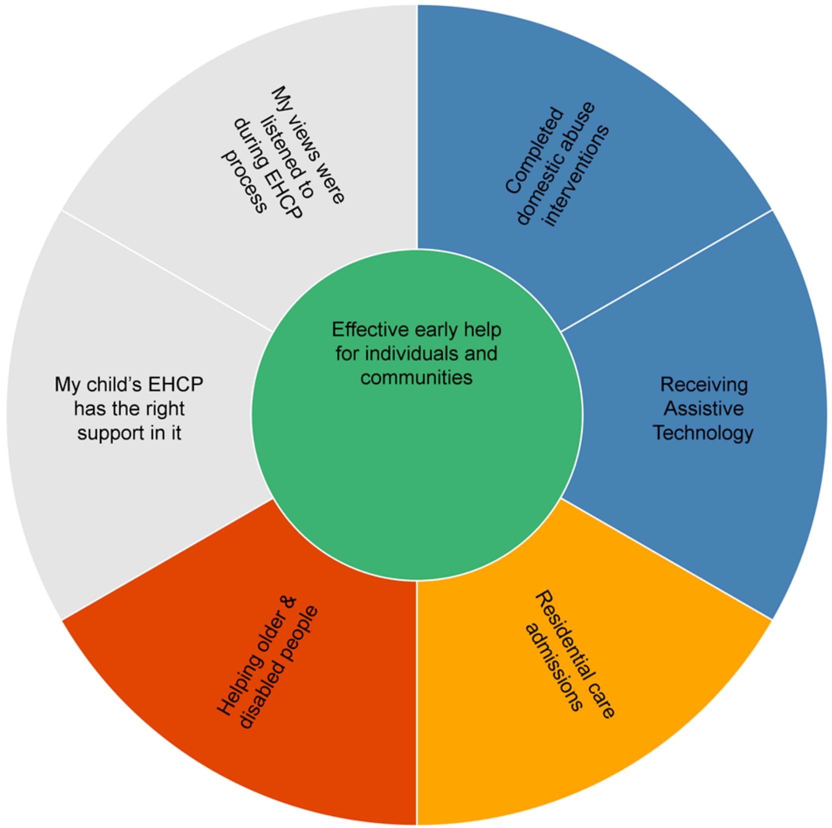
Overview

This priority shows overall “Good” progress for Council Plan deliverables, with 1 deliverable rated as “Strong”, 6 deliverables rated as “Good” and 1 deliverable rated as “Requiring Review”. These are shown graphically in the left-hand wheel below. Overall, the measures for this priority are rated as “Good” based on 4 rated measures. These are shown graphically in the right hand wheel below and listed in the following table.

Deliverable Progress



Key Measures



Key Measure Summary

Key Measure	Date	Actual	Target	Performance
Number of older people and disabled people able to access short term assistance to regain or increase independence	Dec-2022	2,023	2,691	Action
Number of permanent admissions to residential and nursing homes	Dec-2022	731	699	Review
Number of people with social care needs receiving Assistive Technology	Dec-2022	721	450	Strong
Completed domestic abuse interventions	Dec-2022	37.1%	29.0%	Strong
Percentage of parents/carers who feel that their child's education, health and care plan has the right support in it	Dec-2022	81.8%	Not set	No Target
Percentage of parents/carers who feel that their views were listened to during the assessment process	Dec-2022	81.8%	Not set	No Target

Progress on our deliverables and key measures

Continued to deliver the ongoing Covid-19 response and recovery in relation to health protection, alongside wider partnership action to tackle health inequalities

Rating: Good **Expected completion date: 31 Mar 2023**

Overall, during Quarter 3 the Office for National Statistics Infection Survey estimates show that the percentage of people testing positive increased, after an initial slight decrease.

Public Health continues to support Derbyshire's population in line with the National 'Living with Covid-19' plan. This includes:

- Outbreak response in higher-risk settings for example care settings;
- Promotion of safer behaviours to reduce risk of transmission;
- Providing support to those communities that continue to be most impacted by Covid-19 and those most vulnerable to infection;
- Reducing inequalities in uptake of Covid-19 vaccination in partnership with the NHS vaccination programme;
- Maintaining local capacity and capability.

Worked with partners to promote positive mental wellbeing and improve support for local people, with a particular focus on young people at both school and in the community

Rating: Good **Expected completion date: 30 Sep 2023**

Following the success of the outdoor 'Let's Chat Derbyshire' sign campaign, during Quarter 3 the campaign has grown further to also include indoor spaces with the aim to encourage conversations and providing information around Mental Health support and isolation. Currently around 100 organisations across Derbyshire have signed up.

The indoor 'Let's Chat Derbyshire' scheme has also linked up with the Warm Spaces initiative and we have developed an information film and offer of wellbeing support via a wellbeing Counsellor for people attending Warm Spaces.

On the 24 and 25 of November we hosted a conference and exhibition on Wellbeing, Mental Health and Suicide Prevention in the voluntary, community and social enterprise sector. The event was held in Chesterfield with over 100 attendees and comprised of viewing artwork, inspirational speakers, films and discussions.

During Quarter 3 the Derby and Derbyshire Emotional Health and Wellbeing website has been further developed to offer specific information and support for deaf and hard of hearing people.

Worked with District and Borough Councils and other partners to identify an average of three new sites each year that will increase the amount of age-appropriate accommodation and support for older people

Rating: Good **Expected completion date: 31 Mar 2035**

During Quarter 3 a number of models for calculating projected need for housing and tenure type have been developed and will undergo further refinement and testing. The proposed timeline for the refresh of the accommodation strategy data and producing a first draft of the merged Older and Working Age Adults Accommodation Strategy is timetabled for Spring 2023.

We continue to work in partnership with District and Borough colleagues on current planning applications. New planning proposals are in the pipeline for Older Adults including a 36 bed residential care home in Heanor, which is proposed to be a state-of-the-art dementia care unit and for working age adults; proposals for low level provision in Borrowash and Codnor, 6 and 7 units respectively.

Concertus Ltd (CDL) have been commissioned to undertake options appraisals for the 7 recently vacated DCC owned Homes for Older People sites with completion of this work anticipated by April 2023. We are working with Property Services and with CDL to scope out the next stage of soft market testing and renewed planning application process for delivering extra care provision and affordable bungalows at Bennerley Fields. Adult Social Care Commissioning function have also identified their interest in the Council owned site adjacent to Ada Belfield; a pre-planning application for an older adults scheme has been submitted to Amber Valley Borough Council Planning, with an objection being raised which will need to be resolved before we progress further with any developments for this site.

Finalised the new ways of working with older people and people with a disability to increase their independence so that they remain part of their local communities

Rating: Review **Expected completion date: 31 Mar 2025**

The new Adult Social Care Strategy 'Best Life Derbyshire' has undergone engagement with key stakeholders and is due to be published in January 2023. The programme now includes the following workstreams developing the right support in the community, Direct Care moving forwards, building the right support, thriving communities- community led support and integration with Health through Team Up. The lack of available home care continues to impact on the Adult Social Care offer for older people however mitigations are now in place. Due to the above, the short term service have supported 2,023 people so far this year against a target of 2,691. People admitted to long term permanent residential care is 731 so far this year against a target of 699.

2,023

Helping older & disabled people to regain independence

31 DEC 22

2021-2022	2,911
2022-2023	**2,023**
Target	2,691
Performance	Action

731

Admissions to residential care (provisional)

31 DEC 22

2020-2021	956
2021-2022	711
2022-2023	**731**
Target	699
Performance	Review

Commissioned and procured a new assistive technology service offer to support people with social care needs to live independently in the community

Rating: Strong **Expected completion date: 31 Mar 2025**

The targeted consultation period was offered between 20 September 2022 and 28 December 2022, and a report has now been collated, incorporating these and previous consultation results. The results of the consultation will be taken to Scrutiny Committee in February 2023, followed by a full report to Cabinet in March 2023. If Cabinet approve the proposals, reassessment of community alarm only clients would commence in the following few months. Due to unforeseen capacity issues, preparatory procurement work is still ongoing, therefore soft market testing has not been commenced as yet, though it is anticipated that this will be progressed within the next quarter. The contracts with all current providers was extended to 31 March 2023, with the option for two further extensions to 31 October 2023 and 31 March 2024; it is anticipated that both these extensions will be utilised to allow for the procurement process. Quarter 3 saw 269 new referrals, an increase over the previous two quarters, bringing the total number of referrals so far this year to 721 against a target of 450.

721

People with social care needs receiving Assistive Technology

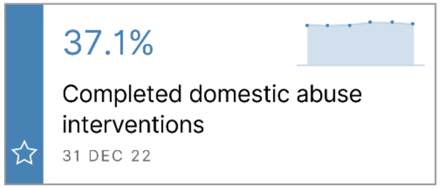
31 DEC 22

2021-2022	900
2022-2023	**721**
Target	450
Performance	Strong

Developed a holistic Domestic Abuse Strategy and supporting Delivery and Commissioning Plan including addressing issues in relation to violence against women and girls and the new legislative requirements for children and young people

Rating: Good **Expected completion date: 31 Mar 2023**

The draft Domestic and Sexual Abuse Strategy which is being developed with our partners will be presented to the Domestic and Sexual Abuse Partnership Board in January 2023. This will be supported by a comprehensive delivery plan. Workstreams have already been agreed and are delivering against agreed priorities, this includes the recommissioning of specialist support services. A Derby and Derbyshire Violence Against Women and Girls (VAWG) Strategy has been agreed and a delivery plan is being developed by the VAWG Board.



2022-2023	37.1%
Target	29.0%
Performance	Strong

We continue to focus on ensuring that domestic abuse interventions with families are effective, purposeful and engaging to encourage participation until the end of the intervention. The proportion of domestic abuse interventions that continued to completion during the 12 months to the end of December 2022 was 37.1%. This is an improvement from 29% which was the baseline for this measure in 2021 and is the target for 2022-23.

Helped and empowered more young people with disabilities to be independent in their transition to adulthood

Rating: Good **Expected completion date: 31 Mar 2025**

The co-produced Preparation for Adult (PFA) strategy and action plan, which was signed off and agreed by the Children's Services senior management team during Quarter 2, is starting to be implemented. These developments have been positive in developing our ability to empower children and young people. Activity has also started on the next stage of delivery which is linked to the review of the wider special educational needs (SEND) strategy and the re-design and re-modelling of the operating model for the services that touch SEND. This will build on the PFA work already undertaken and delivered.

Strengthened the way we work in partnership with children and young people with special educational needs and disabilities and their families, and implemented a new local area strategy to assure the quality of the services and support they receive

Rating: Good **Expected completion date: 31 Mar 2023**

81.8%

My child's EHCP has the right support in it

31 DEC 22

2022-2023	81.8%
Target	Not set

81.8%

My views were listened to during EHCP process

31 DEC 22

2022-2023	81.8%
Target	Not set

The special educational needs (SEND) strategy, SEND Board, and communication with our schools and health partners is being reviewed. The current SEND strategy runs until 2023. The revised strategy will incorporate a further strengthening of the co-production activities especially with schools. Work with parents and carers has started and good progress has been made. It now needs energy and time to fully implement and embed. The new strategy will focus heavily on co-production, aligned operational delivery with families and schools and will link with the Council Plan and the Children's Service Plan. The re-design and re-modelling of the operating model for the services that touch SEND is moving forward.

A comprehensive quality assurance framework is in place including the quality control multi-agency moderation of education, health and care plans, alongside deep-dive quality assurance and practice learning days. Quality assurance activity is overseen by a multi-agency board and reported to the SEND board. A parental survey was introduced in December 2021 to inform the strategic direction. This year the survey will provide a baseline to monitor and track parental satisfaction going forwards. Currently 81.8% of parents completing the survey tell us that they feel their child's education, health and care plan (EHCP) has the right support in it and that their views are listened to during the EHCP process. The number of parental responses received is increasing gradually but remains low. Focus continues on encouraging uptake to ensure a robust baseline of parental satisfaction by the end of the year.

A prosperous and green Derbyshire

Overview

This priority shows overall “Good” progress for Council Plan deliverables, with 14 deliverables rated as “Good” and 4 deliverables rated as “Requiring Review”. These are shown graphically in the left-hand wheel below. Overall, the measures for this priority are rated as “Review” based on 14 rated measures. These are shown graphically in the right hand wheel below and listed in the following table.

Deliverable Progress

Key Measures

Key Measure Summary

Key Measure	Date	Actual	Target	Performance
Total amount of expenditure on the delivery of the Local Transport Programme	Dec-2022	£28.600m	£30.000m	Review (Good in Q2)
Percentage of defects completed within target timescales	Dec-2022	81.5%	90.0%	Review (Action in Q2)
Percentage of defects responded to within target timescales	Dec-2022	84.0%	90.0%	Review
Percentage of Principal roads where maintenance should be considered	Dec-2022	15.4%	13.0%	Action
Percentage of Non-principal classified roads where maintenance should be considered	Dec-2022	22.1%	23.0%	Good (Strong in 2021-22)
Percentage of Unclassified road network where maintenance should be considered	Dec-2022	30.2%	31.0%	Good
Percentage of residents satisfied overall with Highways and Transportation services	Dec-2022	51.0%	57.0%	Action (Review in 2021-22)
Percentage reduction in CO2e from 2009-10 baseline	Mar-2022	64.2%	68.5%	No data for 2022-23
Reduction in employee mileage	Nov-2022	4,835,294	4,638,791	Review
Number of start-up businesses supported	Dec-2022	314	150	Strong
Percentage of premises across the county that have access to Superfast broadband (>30Mbps)	Dec-2022	97.3%	97.3%	Good
Percentage of 16 to 17 year olds in education, employment or training (3 month avg)	Nov-2022	72.7%	88.8%	Action (Good in Q2)
Percentage of pupils achieving a standard pass or higher (grades 4-9) in English and Maths at GCSE	Aug-2022	67.5%	64.3%	Good
Percentage point gap between disadvantaged pupils in Derbyshire and non-disadvantaged pupils achieving a standard pass or higher (grades 4 to 9) in English and Maths at GCSE	Aug-2022	31.6	28.2	Action
Percentage of pupils achieving the expected level in Phonics	Aug-2022	75.0%	75.0%	Good
Percentage point gap between disadvantaged pupils in Derbyshire and non-disadvantaged pupils achieving the expected standard in Phonics	Aug-2022	18.7	20.6	Strong
Amount of Apprenticeship Levy transferred to businesses	Dec-2022	£269,095	Not set	No Target

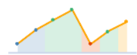
Progress on our deliverables and key measures

Delivered a £40m Local Transport Programme to provide well managed roads and highways and address road safety concerns

Rating: Good **Expected completion date: 31 Mar 2023**

The enhanced Highways Capital maintenance programme has stayed on target with £28.6m delivered this financial year. This has been achieved by expanding on our hybrid delivery model. Final scheme costs are still being input into the Council's financial management system, the total actual spend to date will be nearer £30m. With spend being on track against the target the programme has been rated as "Good" as significant work has been undertaken to achieve this. A total of 350 road and footway maintenance projects have been completed this financial year. The surface dressing, micro asphalting and footway slurry sealing programmes for 2022 are complete. The road maintenance programme is on target to achieve circa £14.5m spend in this financial year, with over £8.0m spend having been delivered to date. The footway maintenance programme has delivered over £2.0m of improvements with a further £1.3m planned for the year. Throughout Quarter 3 3,862 defects were completed, with 84.0% being completed within target timescales. The breakdown by target timescale is in the accompanying table. So far in 2022-23, 13,112 defects have been completed, with 81.5% being completed within target

28.600

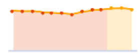


£m Expenditure on the Local Transport Programme

31 DEC 22

2021-2022	£39.674m
2022-2023	**£28.600m**
Target	£30.000m
Performance	Review (Good in Q2)

81.5%



Defects completed within target in the year to date

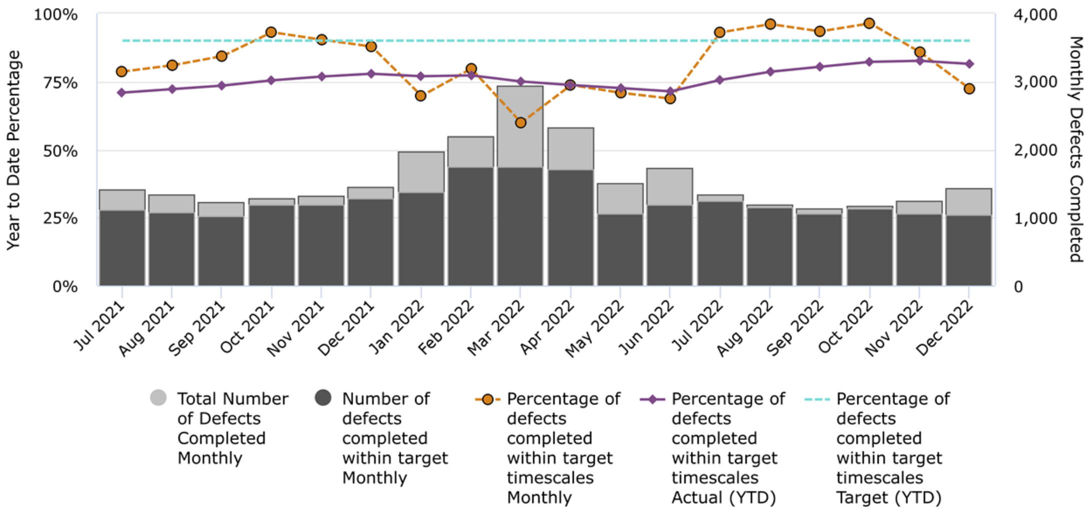
31 DEC 22

2020-2021	71.0%
2021-2022	75.0%
2022-2023	**81.5%**
Target	90.0%
Performance	Review (Action in Q2)

Percentage of defects responded to within target timescales during Quarter 3

	Quarter 3	Target	Performance
Started within 2 hrs (Urgent)	96.3%	95.0%	Good
Completed within 32 hrs	91.9%	90.0%	Good
Completed within 9 days	80.4%	80.0%	Good
Completed within 28 days	83.4%	80.0%	Good

Defects completed within target



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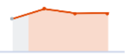
timescales. This compares to a total of 15,640 defects completed, 77.8% within target timescales, at the same point in 2021-22.

The percentage of Principal, Classified and Unclassified roads where maintenance should be considered details the percentage of roads that fall in the Poor and Very Poor condition banding and is derived from the Annual Engineers Inspection survey. Areas of the network that fall below a condition level are calculated to form the percentage result. The Annual Engineers Inspection is then factored into the Value Management Process to enable development of Forward Programmes.

The annual survey is undertaken between April and June and therefore the results do not reflect the investment and work undertaken over the last six months. The outcome of the survey will support the preparation of the following year's delivery programme and information regarding this which will be provided in Quarter 4.

Over time the additional spend on the Local Transport Programme; to manage our roads, highways and address road safety concerns, will positively impact on the levels of satisfaction with the highway. The National Highway and Transport Public Satisfaction Survey (NHT Survey) collects the public's views on different aspects of Highways and Transport in local authority areas. The NHT Survey 2022 rates overall Highway satisfaction levels at 51%, a slight decrease from the previous year; although the level of satisfaction has dropped to 50% nationally in our comparative local authority areas. Other key areas include satisfaction with safety on roads at 57%, Street lighting 63% and Rights of Way 57%. The survey identified the condition of roads as being the least satisfied area.

15.4%



Principal roads needing maintenance

31 DEC 22

2020-2021	17.0%
2021-2022	15.2%
2022-2023	**15.4%**
Target	13.0%
Performance	Action

22.1%

Classified roads needing maintenance

31 DEC 22

2020-2021	17.0%
2021-2022	19.6%
2022-2023	**22.1%**
Target	23.0%
Performance	Good (Strong in 2021-22)

30.2%

Unclassified roads needing maintenance

31 DEC 22

2020-2021	27.0%
2021-2022	29.9%
2022-2023	**30.2%**
Target	31.0%
Performance	Good

51.0%

Residents satisfied with Highways and Transport services

31 DEC 22

2020-2021	54.0%
2021-2022	52.0%
2022-2023	**51.0%**
Target	57.0%
Performance	Action (Review in 2021-22)

Opened Hollis Lane Link Road Phase 1 in Chesterfield to improve road access

Rating: Review **Expected completion date: 31 Mar 2023**

A revised planning application is in place and due for determination in March 2023. In parallel, work is underway towards procurement of a construction contractor. Due to economic conditions, cost uncertainty will remain until a construction contractor is appointed; rigorous process in the procurement of a contactor is underway to ensure best value.

Prepared a countywide response to the Integrated Rail Plan for the Midlands and the North in relation to HS2 to minimise any potential disruption and take full advantage of the economic growth opportunities

Rating: Good (Review in Q2) **Expected completion date: 31 Mar 2023**

No HS2 route construction is now planned within Derbyshire, however economic growth opportunities are still being pursued. Additional work on the HS2 Growth Strategy is now commissioned by the East Midlands Development Corporation, with Council Officers engaged in this process.

Completed Outline Business Case and prepared a planning application to progress the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area

Rating: Good (Action in Q2) **Original completion date: 30 Jun 2022** **Expected completion date: 31 Mar 2025**

Cabinet at the meeting on 8 December 2022 approved submission of the Outline Business Case and this has now been completed. Officers are now progressing critical mobilisation work which includes preparation of detailed ground investigation. In due course the project will enable the delivery of up to 1,500 homes and 5,700 jobs.

Reduced carbon emissions from Council property and vehicles, street lighting and procurement

Rating: Review (Good in Q2) **Expected completion date: 31 Mar 2032**

Emissions from four sources are currently included within the Council's net zero target of 2032, or sooner: corporate property; streetlighting; core fleet; and grey fleet. Emissions data for 2021-22 shows that total CO2e from these four sources fell by 64.2% from 42,965 tonnes CO2e to 15,378 tonnes CO2e between 2009-10 and 2021-22. This is a 1% reduction since the previous year (2020-21).

Emissions from energy use in corporate property were 8,861 tonnes CO2e in 2021-22, which is a 3% reduction on the previous year. This reduction is lower than the target reduction for the year, largely due to the impact of increased ventilation and a gradual increase in building occupancy following the lifting of Covid restrictions. Emissions from energy used in streetlighting and traffic lights were 3,070 tonnes CO2e in 2021-22, which is a 16% reduction on the previous year. The emissions reduction is due to continuation of the LED replacement programme, night-dimming and part-night lighting, along with decarbonisation of the electricity grid.

Emissions from core fleet use were 2,140 tonnes CO2e in 2021-22, which is a 6% increase on the previous year. The increase in emissions is due to improvements in data collection methods and the lifting of Covid restrictions. All core fleet now has telematic data collection, giving confidence in mileage figures, a significant improvement from previous data. Emissions from grey fleet use (where employees use their own vehicles for Council business) were 1,307 tonnes CO2e in 2021-22, which is a 32% increase on the previous year. The increase in emissions is due to the resumption of business travel following the lifting of Covid restrictions. However, this is still below the figure for 2019-20, likely due to continued use of virtual meetings. Mileage continues to rise, with employees driving 4,808,877 miles (emitting 1,321 tonnes CO2e) in the year ending November 2022, compared to 4,467,237 miles in the year ending November 2021 and a target of 4,638,791 miles. This is much reduced from pre-Covid levels in the year ending March 2020, when 8,714,899 miles were driven.

64.2%

Reduction in CO2e from 2009-10 baseline

31 MAR 22

2019-2020	55.3%
2020-2021	63.1%
2021-2022	64.2%
Target 22-23	68.5%

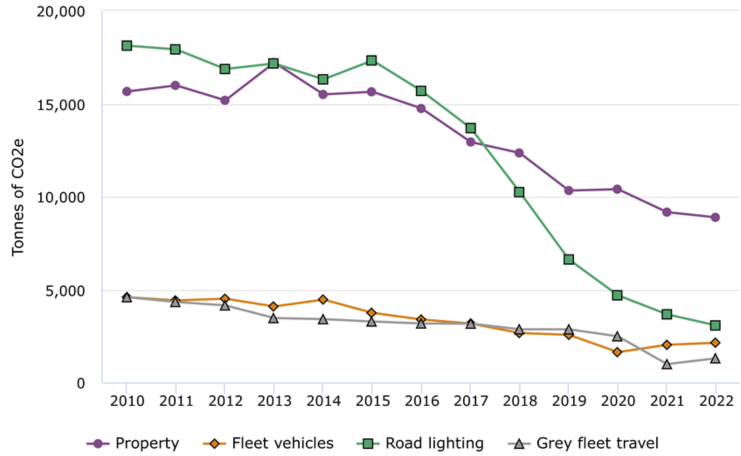
4,835,294

Employee mileage (rolling 12 months)

30 NOV 22

2019-2020	8,714,899
2020-2021	3,584,868
2021-2022	4,716,594
2022-2023	**4,835,294**
Target	4,638,791
Performance	Review
TonnesCO2e	1,328

Breakdown of CO_2e emissions by main sources



Modelling suggests that, for the four sources measured and reported, there may be a potential shortfall in the necessary emissions reduction of 8,710 tonnes CO2e by 2031-32. The baseline is 42,957 tonnes CO2e in 2009-10. Almost 60% of these residual emissions will be from the Council's Corporate Estate. Some of these residual emissions are likely to be offset through renewable energy generation on Council owned buildings and land, and by carbon sequestration through activities such as tree planting. However, the focus will remain on reducing emissions, particularly through the continued rationalisation of Council land and building assets, reduction and electrification of travel for Council business and the decarbonisation of heat in buildings. Further steps are now being taken to address the challenges associated with reducing emissions from corporate property, which includes the commissioning of external specialist support to help with the preparation of a Carbon Reduction Strategy (Corporate Property) to 2032.

The Council is on track to baseline and set a net zero target for its Scope 3 emissions by the end of 2023, as set out in the Climate Change Strategy. These emissions are indirect emissions arising from activities outside of our own operations, for example purchased goods and services. The Sustainable Procurement Policy was agreed by Cabinet in July 2022 and roll-out/implementation has begun with communications being issued both internally and in the press. The first pilot project has been successfully delivered, with more pilot projects now in delivery.

Council and Departmental annual emission reduction targets to 2032 have been established and approved and are now being embedded in Departmental Service Plans.

Reduced the level of flood risk to the residents and businesses of Derbyshire through our planning role, the delivery of flood mitigation schemes and working with communities to develop flood resilience measures

Rating: Good **Expected completion date: 31 Mar 2023**

Work has commenced om implementing a Flood Warden Community Signage Scheme in Derbyshire. This scheme is being rolled out into pilot areas between Quarter 3 2022-23 and Quarter 1 2023-24.

A bid has been submitted to the Department for Education for the Sustainable Drainage Systems for Schools programme, the outcome of which will be known by March 2023.

The Local Flood Risk Management Strategy review is still ongoing, and we should have a draft ready by early January 2023.

The Council continues to work with Severn Trent Water on the Ilkeston and Melbourne Flood mitigation schemes. Ilkeston is now at the outline optioneering stage, and Melbourne will start to deliver certain phases of the scheme in 2023-24.

The Highway Drainage Capital programme will start to deliver schemes on the ground between Quarter 3 2022-23 and Quarter 1 2023-24, along with ongoing remedial/repair works to the highway drainage network which is ongoing through the highways programme and the Highway Drainage Team.

An extensive series of site visits have been undertaken with the residents and businesses in Matlock, to gain their buy-in to a potential Property Flood Scheme. So far we have had 100% take up, and work will now commence in 2023-24 as to how we can take this forward through to implementation.

Delivered the Climate Change Strategy and Action Plan which sets out priorities to reduce the county's carbon emissions

Rating: Good **Expected completion date: 31 Mar 2025**

The Council's Climate Change Strategy was approved by Cabinet on 14 October 2021 and is now just over one year into its implementation and monitoring. An annual review of delivery of the Strategy has been undertaken and is to be presented to Cabinet in January 2023. Quarter 3 updates: 17 (53%) of the 32 priority actions in the Strategy were allocated a Good rating, meaning that they are on track or complete with outcomes in line with expectations. 15 priority actions (47%) were allocated a Review rating, meaning that there is some risk to achieving timetable and/or outcomes and appropriate steps are being taken to bring these actions back on track. One priority action (3%) has been allocated an Action rating meaning that, at present, it is unlikely to achieve timetable and/or deliver the required outcome. This action falls under the Council Operations and Estate theme and relates to the Council's delivery of heat decarbonisation projects through the Salix-funded Public Sector Decarbonisation Scheme. Steps are being taken by Corporate Property to assess opportunities for improvement in this area. The majority of targets within the Strategy are also allocated a Good or Review rating at the end of Quarter 2.

The Vision Derbyshire Climate Change Strategy was approved by Cabinet and the Vision Derbyshire Joint Committee in April 2022, and the supporting Action plan was endorsed by the Vision Derbyshire Climate Change Lead Members and Portfolio Holders Group in October 2022. The Action Plan has been developed to inform and structure the delivery of collaborative projects to 2025 across a series of themes. Delivery of the Strategy and Action Plan is overseen by the Vision Derbyshire Climate Change Officers Group.

Developed the Natural Capital Strategy, identifying areas where the natural environment can be further enhanced whilst also supporting the green economy

Rating: Good **Original completion date: 31 Dec 2022** **Expected completion date: 31 Mar 2023**

The initial final draft of the Derbyshire Natural Capital Strategy was submitted by the end of September 2022. The Strategy is being refined but should be completed before the end of the financial year.

Explored initiatives to tackle climate change including low carbon local energy generation

Rating: Good **Expected completion date: 31 Mar 2023**

The Derbyshire Renewable Energy Study has been completed and is now published on the Council's website. A number of mapping layers will soon be added to the website to convey spatial information.

The Climate Change Planning Guidance and associated assessment tool will be published on the Council website along with the Renewable Energy Study. A Climate Change and Planning Launch event and assessment tool training session is being planned for spring 2023. The Derbyshire Local Planning Authorities engaged in review or replacement of local plans report that the information within the guidance is assisting in plan preparation.

Work is on-going to develop an Memorandum of Understanding with the minerals and quarrying sector to explore opportunities for decarbonisation and renewable energy generation.

A Strategic Framework for Council action to deliver Net Zero Energy in Derbyshire is being drafted.

Developed and delivered a strategic approach to sustainable travel and transport across the county, including the promotion of cycling and walking

Rating: Good **Expected completion date: 31 Mar 2023**

Key Cycle Network -

In collaboration with Derby, Derbyshire, Nottingham and Nottinghamshire partners the Council has developed a joint walking and cycling infrastructure plan. Together we are now seeking public input via a dedicated consultation information website and survey. This engagement exercise will run until March 2023.

Further the Council continues to develop high priority sections of the proposed Key Cycle Network, recent highlights include:

- Little Eaton Branch Line: Community engagement events;
- White Peak Loop: Wye Dale / Woo Dale route alignment feasibility study and Buxton to Harper Hill alignment route options;
- Pennine Bridleway National Trail: Glossop West - further route alignment feasibility;
- Derwent Valley Cycle Route: Shardlow to Hathersage Feasibility Study.

Low Emission Vehicles Infrastructure (LEVI) Programme -

The implementation of the LEVI Strategy is gaining pace with three key work streams identified: On street Residential, Destination Charging and Private Charging. Recent highlights include:

- Residential Charging : Proposal to undertake a mini-competition using an existing framework in the new year;
- Soft market testing with numerous charge point operators to better understand appetite and potential operating models for destination charging across a number of public car parks in Derbyshire. This next phase of work is primarily focused on the development of procurement models that will accelerate the infrastructure deployment and create an environment to facilitate both public and private transition to electric vehicles where appropriate.
- Early development of a pilot project for increasing the use of Council owned electric fleet is making progress. Suitable suppliers have been identified with the next step being to understand the mechanisms by which these charge points can be installed within the Council Estate.

Agreed and implemented the Covid-19 Economic Recovery Strategy to drive good growth and maximise low carbon economic opportunities

Rating: Good **Original completion date: 30 Jun 2022**
Expected completion date: 31 Mar 2023

314

Number of start-up businesses supported

31 DEC 22

2022-2023	314
Target	150
Performance	Strong

The Covid-19 Economic Recovery Strategy has effectively completed and the Recovery Board's future is being reviewed. This is part of a wider review to include the Derbyshire Economic Partnership Board and a preferred option has been developed. This needs to be consulted upon with the relevant stakeholders and progress will be reported.

The District and Borough Councils heads of economic development continue to meet and agree ways to facilitate growth across the County. The Council, being the managing body for the UK Shared Prosperity Fund that is allocated to District and Borough Councils, is involved in the joint procurement activities associated with the fund to drive growth. The Green Entrepreneur Fund and Vision Derbyshire criteria have been amended to support as many business and enterprises as possible without sacrificing the original objectives of both schemes. The fund will maximise low carbon economic opportunities across the county.

The number of start-up businesses supported in Quarter 3 was 73. This is a reduction in numbers from the previous quarter but the quarter reflects the same period trend in 2021. The current economic climate is impacting the number of enquiries relating to new business start-ups but year to date figures are exceeding the target for the year.

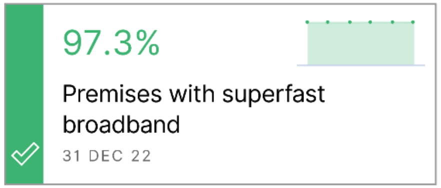
Rolled out the Green Entrepreneurs scheme, a £2m grant fund to help local business to develop and invest in green energy and carbon reduction

Rating: Good (Review in Q2) **Expected completion date: 31 Mar 2023**

The scheme has been designed and implemented with businesses and individuals applying for the funding and successful applicants are drawing down the funding. The Green Entrepreneurs' Fund and Vision Derbyshire criteria have been amended to support as many business and enterprises as possible without sacrificing the original objectives of both schemes. A total of 53 grants were allocated in Quarter 3, a significant increase from 38 in the previous quarter. This quarter the totals allocated are: Scholarship - 40 grants equating to £35,158, Small Grants fund - 10 grants and Demonstrator Fund - 3 grants both equating to £703,786 of spend.

Increased take-up of fibre enabled broadband across Derbyshire, particularly in rural areas, to improve access, speed and reliability for homes and businesses

Rating: Good **Expected completion date: 31 Mar 2025**



2021-2022	96.9%
2022-2023	**97.3%**
Target	97.3%
Performance	Good

The Gigabit Voucher scheme has supported 30 community projects, facilitating up to 1,547 premises to receive a Gigabit capable broadband service. The cost of "Top Up" to the Council to date is £328,710. This scheme is now paused until a new scheme is launched. It has been announced by the Department for Culture, Media and Sport (DCMS) that the voucher values will increase to £4.5k per home and per business. It will need to be discussed as to what extent the Council will contribute to the Top Up scheme going forward.

Project Gigabit is nearing the final design stage for Derbyshire with two intervention areas, one being the more rural northern areas of Derbyshire and the rest of Derbyshire. Procurement is expected to commence in early 2023.

A number of independent Alternative Network companies have started delivering Gigabit capable broadband services in Derbyshire. These include Netomnia, Full Fibre Ltd and Gigaclear. These are predominantly in more heavily populated areas but is a positive step in increasing the fibre footprint across the County. This is in addition to the upgrade activity being undertaken commercially (without state subsidy intervention) by Openreach and Virgin Media 02. We anticipate that around 36,000 premises across the county will benefit from Project Gigabit intervention. Delivery is expected to commence in 2024. This has decreased from the proposed 55,000 due to this commercial activity.

The latest data from Think Broadband suggests that 97.3% of premises across the county can access a Superfast broadband service (>30 bps) and 46.8% of premises can access a Gigabit capable service. Currently 0.93% of premises only have access to a broadband service below 10Mbps (around 3,600 premises). These premises are captured in the Intervention Area design for Project Gigabit.

The Digital Derbyshire Team will continue to work with DCMS and telecoms suppliers to maximise the positive outcomes for Derbyshire. Weekly meetings are in place to achieve this and progress remains in line with expectations.

Delivered the “Invest in Derbyshire” plan to increase levels of inward investment into the county

Rating: Good **Expected completion date: 31 May 2023**

Quarter 3 has brought a reduced number of enquiries from investors and businesses considering their expansion in Derbyshire. The enquiries related to sustainable energy, advanced manufacturing and engineering sectors have remained most frequent in this period. Economic and geopolitical ambiguity, inflation and labour shortages have had a visible negative impact on decisions of domestic and foreign investors. Nevertheless, a number of significant projects are being supported in order to secure investment and jobs for Derbyshire. The Invest in Derbyshire project promotes Derbyshire's rich offer and investment opportunities via multiple platforms. The programme's output delivery maintains a strong level of achievement, reaching and exceeding 90% targets in all categories.

Worked with partners through the Vision Derbyshire approach to develop a countywide approach to improve social mobility, targeting underperforming areas across the county

Rating: Review **Expected completion date: 31 Mar 2023**

Initial groundwork to identify the issues and priorities for social mobility was undertaken during 2021-22, although limited due to a lack of capacity across the partnership landscape. Good foundations have been built to support a wider understanding of social mobility issues across the region primarily through the inclusion of social mobility as a key issue within the Derby, Derbyshire, Nottingham and Nottinghamshire County Deal. The linkages across to priorities outlined in the Government's Levelling Up agenda over the coming year will be critical in understanding the scale of the challenge and breadth of work required. Progress in developing the scope and delivery programme for this area of work has however been limited due to difficulties in recruiting the programme team. Work is taking place to review current hosting arrangements for the programme team alongside a light touch review of the Vision Derbyshire approach which will consider the resourcing of the approach and recruitment to the vacant posts.

Worked with schools and other education providers to implement new strategies and support, to enable children and young people to achieve their educational potential and begin to catch up on learning they have missed due to COVID-19 restrictions

Rating: Good **Expected completion date: 30 Jun 2023**

The Education Improvement Service has continued to work robustly with schools throughout the quarter to improve outcomes for children and young people and support catch-up on learning.

A key activity this quarter has been the launching of a 'Confident Communicators and Readers' programme aimed at supporting Derbyshire schools and settings to improve outcomes in communication, language and reading from the early years to Year 7. 19 schools and settings have been recruited to the Confident Communicators programme and 21 schools have been recruited to the Confident Readers programme.

Pupil attendance continues to be a key area to support schools. This is a national issue and we are working with partner agencies and colleagues in the Council to promote good attendance as this is essential to support children and young people to catch up on learning. The Education Improvement Service continues to support and implement the strategies which underpin the White Paper in raising outcomes for all pupils.

Scrutiny of pupils' outcomes suggest that there is a need to refine the programmes of support so that they link more directly to school self-evaluation and priorities. The Council's Education Improvement Service will work with partners to develop 'Phonics into reading' and 'Phonics into writing' programmes over the following months.

Key stage attainment outcomes for 2022 have become available at various points throughout the year. Due to the pandemic, most 2020 and 2021 attainment tests were either cancelled or assessed in a different way and will therefore not be comparable to 2022 outcomes. Targets this year predominantly relate to comparator performance and therefore will not be confirmed until final comparator outcomes are published.

2021-22 data for the percentage of pupils reaching the required standard in Phonics (75%) suggest that Derbyshire's performance is in line with the national average with performance within the lower middle national quartile, an improvement from bottom quartile in 2019. Derbyshire's outcome is also above the average for East Midlands and above the average of our statistical neighbour benchmarking group. Provisional data also suggests that the gap between disadvantaged Derbyshire pupils achieving the expected standard in phonics and non-disadvantaged pupils

72.7%
16-17 year olds in education, employment or training
30 NOV 22

2021-2022	96.5%
2022-2023	**72.7%**
Target	88.8%
Performance	Action (Good in Q2)
National Benchmark	92.9%

67.5%
Pupils achieving grades 4-9 in English and Maths at GCSE
31 AUG 22

2021-2022	71.6%
2022-2023	**67.5%**
Target	64.3%
Performance	Good
National Benchmark	67.1%

31.6
%pt. gap between disadvantaged & non-disadvantaged at GCSE
31 AUG 22

2022-2023	**31.6**
Target	28.2
Performance	Action

75.0%
Percentage of pupils achieving the required standard in phonics
31 AUG 22

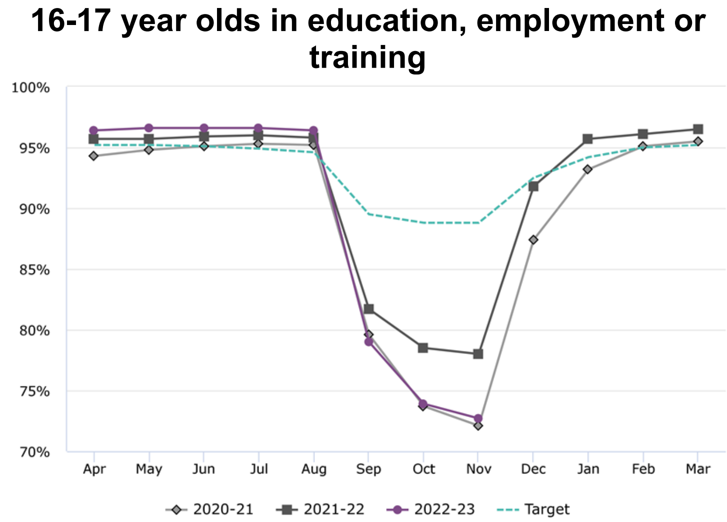
2019-2020	80.0%
2022-2023	**75.0%**
Target	75.0%
Performance	Good

18.7
%pt. gap between disadvantaged & non-disadvantaged in Phonics
31 AUG 22

2019-2020	20.6
2022-2023	**18.7**
Target	20.6
Performance	Strong

nationally (18.7%) has narrowed compared to 2019 (20.6%). Provisional data for the proportion of pupils achieving a standard pass (grades 4-9) in English and Maths at GCSE (KS4) of 67.5% meets the target of maintaining an outcome significantly better than national figures. Although the provisional percentage of disadvantaged pupils achieving a standard pass in English and Maths has increased from 2018-19, the gap between disadvantaged pupils in Derbyshire and non-disadvantaged pupils nationally has widened during the same period from 28.2 percentage points in 2018-19 to 31.6 percentage points in 2021-22. The target this year was to narrow the gap with national figures.

The percentage of 16 to 17 year olds in education, employment or training for the 3 months of September, October and November 2022 is 72.7%. This is below the same time last year (77.9%) and is below the national figure (78.7%) and the outcome for East Midlands (79.3%). Current performance places Derbyshire in the lower-middle quartile. The target this year is to maintain performance within the top quartile nationally. This indicator has a strong seasonal pattern in outcomes with young people's activity status needing to be established at the start of every academic year. Whilst performance is below the same time last year, there is full confidence that performance will improve over the next couple of months.



Worked with Derbyshire businesses to support the creation of apprenticeship opportunities in key economic sectors, connecting people to local job opportunities

Rating: Good **Expected completion date: 31 Mar 2023**

Performance in the quarter has been steady showing particularly strong engagement in December despite being a short month in terms of working days. This was primary due to businesses endeavouring to process applications before the end of the calendar year. To date this year £269,095 of the apprenticeship levy has been transferred to businesses, £172,376 in Quarter 3. The cost of each apprenticeship differs in terms of type of course and the age of the apprentice and so no target has been provided for this under-pinning performance measure.

£269,095

Apprenticeship Levy transferred to businesses

31 DEC 22

2022-2023	£269,095
Target	Not set

Mobilised the Derbyshire Cultural Framework and reviewed and developed a costed action plan for the Derwent Valley Mills World Heritage Site

Rating: Review **Original completion date: 31 Mar 2023** **Expected completion date: 31 Mar 2024**

The Derbyshire Cultural Framework and associated implementation plan has been approved and some delivery has already begun, with further activity facilitated through the Cultural Recovery Fund. As there have been delays in the set up of the Fund, due to the delay in completing the review of the voluntary and community sector grants, a ''Review' rating has been allocated to this area of work.

The Derwent Valley Mills World Heritage Site Development Framework continues to be progressed. A presentation and draft prospectus has been prepared to stimulate discussions with all local planning authorities in the World Heritage Site. This presentation will start to be delivered in Quarter 1 of 2023-24. This area of work has therefore been rated as good.

Overarching Measures

The online Your Council Your Voice (YCYV) survey which provides the data for the overarching measures ran from Monday 3 October 2022 to Sunday 13 November 2022. The data from the survey is currently being analysed and will be reported in Quarter 4, along with an update against the YCYV Action Plan and the approach for 2023.

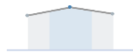
42.3%

Residents who are satisfied with the Council

31 DEC 21

2019-2020	48.1%
2020-2021	53.4%
2021-2022	42.3%
2022-2023	Due in Q4
Target 22-23	58.0%
National Benchmark	56.0%

42.7%



Residents informed about Council decisions

31 DEC 21

2019-2020	40.8%
2020-2021	50.5%
2021-2022	42.7%
2022-2023	Due in Q4
Target 22-23	52.0%

29.3%

Residents agree Council gives value for money

31 DEC 21

2019-2020	34.0%
2020-2021	38.9%
2021-2022	29.3%
2022-2023	Due in Q4
Target 22-23	43.0%
National Benchmark	43.0%

Notes

This report set out progress on deliverables and key measures as outlined in the Council Plan 2022-25. The following table lists the deliverables and measures not included in this report, or where changes have been made:

Deliverables	Reporting
Completed the viability assessment to progress the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area	As the viability assessment has now been completed, this deliverable has been updated to “Completed Outline Business Case and prepared a planning application to progress the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area”.
Measures	**Reporting**
Percentage of successful completions as a proportion of all in treatment for substance misuse	Confirmed data for this measure is currently not available in time to be included in the relevant quarterly report. However this will be reviewed for future reporting.
Measures indicating the effectiveness of the Council’s new Equality, Diversity and Inclusion Strategy 2022-2025	The approach to reporting Equality, Diversity and Inclusion measures is being developed.
New national inspection measures for adult social care	Following national review, the Adult Social Care Outcomes Framework measures have now been confirmed and are being implemented.
Percentage of children achieving a good level of development at the Early Years Foundation Stage	This measure has been removed from our Council Plan reporting as it is not specific to any of the deliverables.
Percentage of completed specialist Domestic Violence interventions with a goal fully met	Performance measures were proposed as part of developments to this area of work. Following the review of this work the measure on intervention goals has not been taken forwards as a performance measure.
Number of properties classed as hard to reach (post Contract 2) that are fibre enabled.	This broadband measure has been replaced by the percentage of premises across the county that have access to Superfast broadband.

Key

	Deliverables	Measures
	Strong – performing strongly	Strong – more than 5% better than target (2% better than target if the target is greater than 95%).
	Good – performing well	Good
	Review – will be kept under review to ensure performance is brought back on track	Review – more than 2% worse than target.
	Action – additional action will be/is being taken to bring performance back on track	Action – more than 10% worse than target.
	No commentary has been received	Data not available/Target not set.

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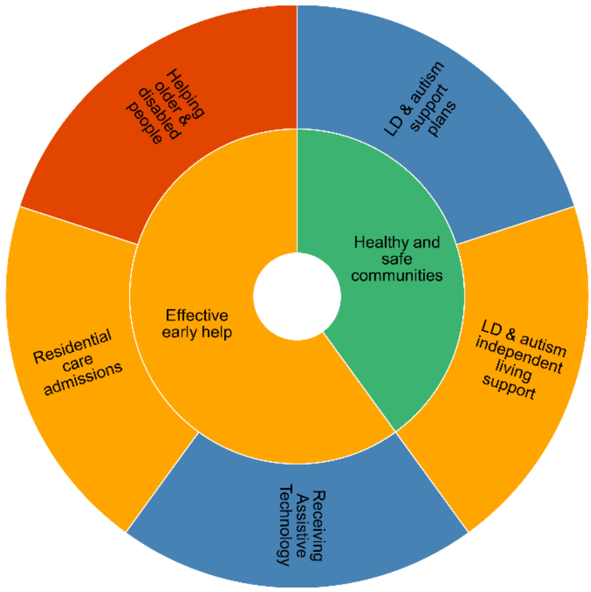
Adult Care - Portfolio Summary

Deliverable Progress

Key Measures Against Target



Key Strong Good Review Action Data not available/Target not set

Progress is "good" or "strong" for the majority of the Council Plan deliverables led by the portfolio.

Key areas of success are:

Commissioned and procured a new assistive technology service offer to support people with social care needs to live independently in the community

During Quarter 3 there were 269 new referrals, an increase over the previous two quarters, bringing the total number of referrals so far in 2022-23 to 721 against a target of 450.

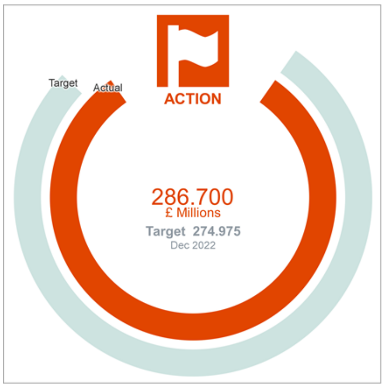
Key areas for consideration are:

Finalised the new ways of working with older people and people with a disability to increase their independence so that they remain part of their local communities

Issue: Progress is being delayed by a shortage of homecare to support people to be independent in their own homes. This is a national issue and not unique to Derbyshire. **Response:** As part of the Short Term Service review work has been undertaken to create new job profiles and structure for the service. Whilst this is good progress there still remains a shortage of homecare support.

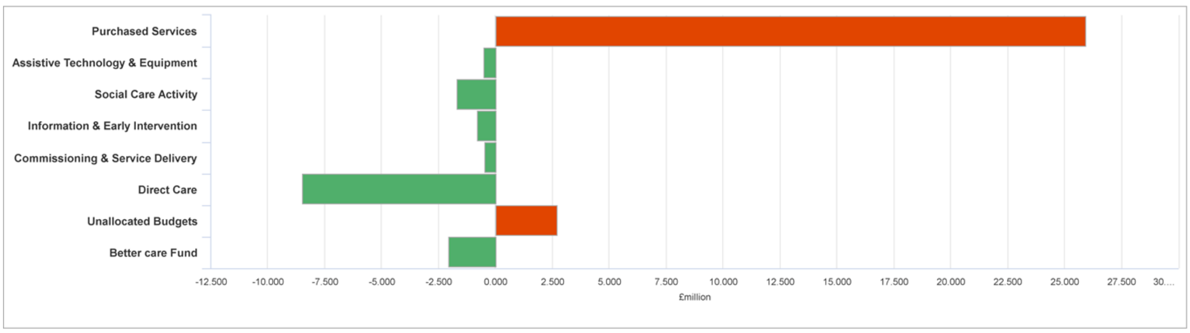
There is a forecast overspend of £11.725m on the portfolio after the allocation of £0.397m of DLUHC Covid-19 emergency grant funding and after the use of £2.500m of Adult Social Care and Health departmental earmarked reserves. The forecast includes £2.909m of inflationary increases. Before the allocation of reserves funding, the main variances are:

Forecast Outturn against Target Budget



- Purchased Services, £25.922m overspend - There has been an increase in hospital discharges and because there is an insufficient supply of home care and reablement services, this has driven increased placements into residential homes rather than into care at home. As a result, expenditure on independent sector placements has increased.
- Direct Care, £8.465m underspend - This is partially offset by underspends on the Direct Care home care service, due to recruitment difficulties, and Council-run Direct Care homes for older people, due to planned re-provision and efficiencies. The forecast includes inflationary pressures of £1.700m in respect of utilities and catering supplies.
- Social Care Activity, £1.701m underspend - Underspend on staff pay and travel due to vacancies in the social work team.
- Unallocated budgets, £2.695m overspend – Budget savings which have yet to be achieved. These are offset by alternative one-off savings achieved via the claw back of unused additional Direct Payment funds that have been included in the 'Purchased Services' forecast.
- Better Care Fund, £2.064m underspend – Additional income from Derby and Derbyshire Integrated Care Board (ICB) resulting from a funding uplift for 2022-23 which was only confirmed part way through the financial year.

Forecast Under (-)/Over Spend by Service Line



The budget savings target for 2022-23 is £6.811m, with a further £2.570m target brought forward from previous years. £6.591m of the in-year savings target will be achieved, of which £2.550m will be met from alternative one-off savings. Delivery of brought forward and some 2022-23 base budget savings has been deferred to future years.

Additional funding has been provided in the 2022-23 budget for the main growth items:

- Demographic Growth - £5.016m ongoing - Increases in 65+ population, the number of disabled adults accessing services, cases of early onset of dementia, the complexity of need and the complexity of clients transitioning from Children's Services.

- Pay Award 2021-22 - £1.636m ongoing.

- Pay Award 2022-23 - £6.988 ongoing, £0.043m one-off.

- National Insurance Social Care Levy - £0.395m one-off – additional cost of a 1.25% temporary increase in employer National Insurance contributions from 6 April 2022 to 6 November 2022.

- Employer Pension Contributions - £0.248m ongoing, £0.531m one-off – additional Local Government Pension Scheme employer pension contributions, which are required because of a difference between forecast pensionable pay when contributions were agreed and actual pensionable pay experience.

- Independent Sector Fees 2022-23 - £12.257m ongoing - Due to the increase in the National Living Wage each year, there has to be an above inflation increase in the independent sector care home fees the Council pays, to reflect the additional cost pressures on the providers.

Other significant additional items of funding that the portfolio is expected to receive or has received since the budget was set are:

- Former Independent Living Fund Grant (ILF) - £2.534m one-off - On 8 March 2022, the Government confirmed that the former ILF recipient grant will continue to be paid to local authorities in 2022-23.

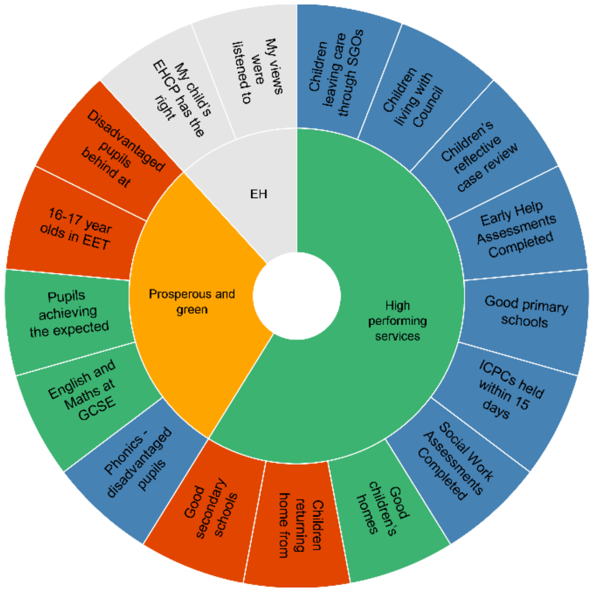
- Contain Outbreak Management Fund (COMF) - £5.000m one-off – grant used to support new hospital discharge protocol.

- Additional Direct Payment claw back - £2.500m one-off – return of unused funds.

Children's Services and Safeguarding and Education - Portfolio Summary

Deliverable Progress

Key Measures Against Target



Key Strong Good Review Action Data not available/Target not set

Progress is "good" or "strong" for the majority of the Council Plan deliverables led by the portfolio.

Key areas of success are:

- Consistent, high quality early help and safeguarding services for children and families across Derbyshire - The published letter from the Council's Ofsted focused visit in September 2022, which looked at children in need and subject to a child protection plan, has provided independent assurance confirming strong and consistent social work practice for children and families in Derbyshire with 'many families empowered to make positive changes and adjustments enabling their children to make good progress'. Performance this quarter remains strong.
- Worked with schools and other education providers to implement new strategies and support, to enable children and young people to achieve their educational potential and begin to catch up on learning they have missed due to Covid-19 restrictions - Provisional 2021-22 data for the proportion of pupils achieving a standard pass (grades 4-9) in English and Maths at GCSE (KS4) of 67.5% is again significantly better than national figures.

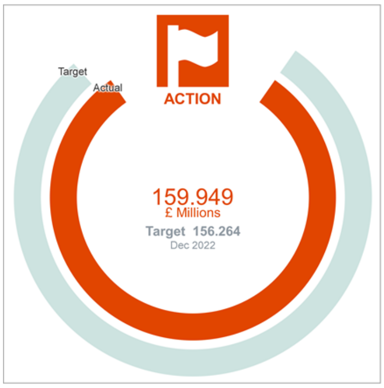
- Increased recruitment, utilisation, and retention of Council foster carers to ensure that more children in the Council's care can benefit from loving stable homes with foster carers – Despite local and national challenges with foster carer recruitment and retention, Derbyshire's activity and focus to improve placement capacity for children and young people is having a positive impact. More children in care are benefitting from loving stable homes with foster carers.

Key areas for consideration are:

- Reviewed how the Council delivers home to school transport for children with special educational needs ensuring the most effective use of resources - A number of risks and challenges identified during Quarter 1 have delayed progress of this deliverable. A pilot panel process has recently been established to focus on the decision-making process and how Children's Services can best assess the need for home to school transport to enable Place to plan the most effective use of resources.
- Worked with schools so that the percentage of children and young people attending good or better schools improves at a faster rate than nationally - Whilst the proportion of Derbyshire pupils attending good or better primary schools has increased at a faster rate than national figures since the start of the 2022-23 academic year, this has not been the case for secondary phase. There has been a fall in the proportion of Derbyshire pupils attending a good or better secondary school. Findings and learning from recent Ofsted inspections continue to be routinely disseminated at briefings with headteachers and governors with additional focus and support provided on any emerging themes such as safeguarding procedures.

There is a forecast overspend of £3.685m on the portfolio.

Forecast Outturn against Target Budget



The overspend includes an expected allocation of £2m of one-off funding from contingency budgets to fund rising costs and demand in Children in Care (CiC) placements.

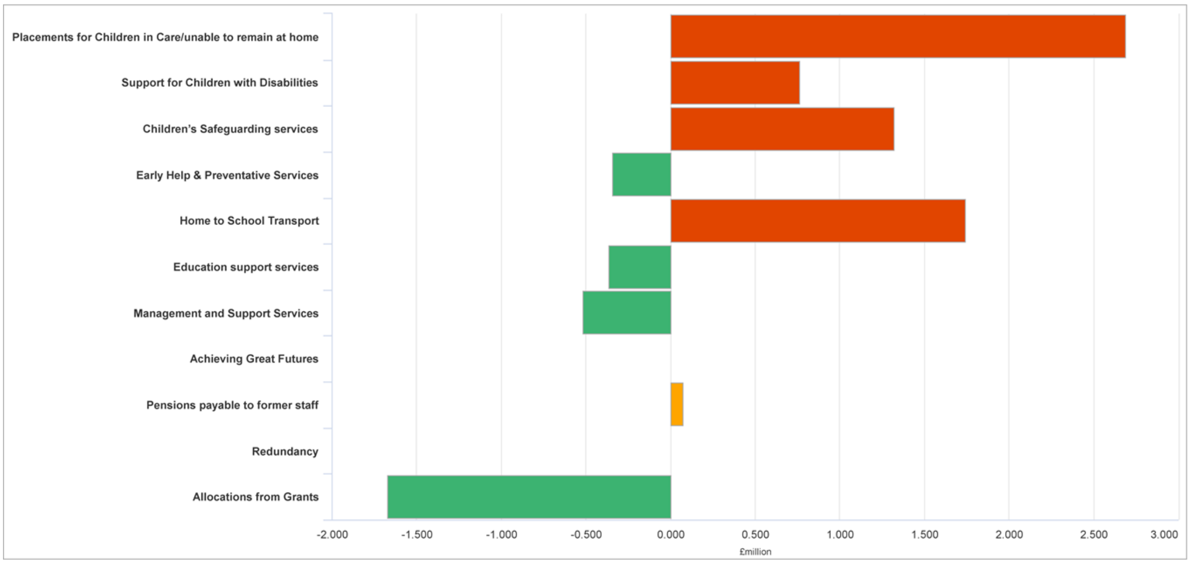
Projections include inflation. Current estimates of inflation pressures are a £0.430m increase in energy costs, a £0.930m increase in food costs and a £0.093m increase in transport and fuel excluding Home to School Transport which is covered by specific contingency budgets. Not all of these costs will be met from the Council budget as a number of services are funded by trading or grant income, however potentially this may impact on the contribution those services can make to corporate overheads. The price increase on fostering allowances and residential placements is greater than estimated in the budget pressures allowed for when the budget was set; this has resulted in additional inflationary pressures of around £1.952m. In total it is estimated that the inflationary pressures listed account for approximately £2.403m of the overspend against the Council budget and if funding were to be made available to departments to meet those, the Children's Services overspend would reduce to £1.282m. The wider impact of inflation and cost of living increases on costs and demand for services is as yet too uncertain to include in outturn projections.

The main variances are:

- Placements for Children in Care (CiC)/Unable to remain at home, £2.688m overspend - Expenditure on placements for children in care or alternatives to care is continuing to rise due to an increase in the number and cost of placements. The number of children requiring support is growing because the rate at which children enter care is greater than the rate at which children exit care and because alternatives to care often require long-term financial support leading to a growing number of arrangements to fund. Average cost increases are due to inflation and the need to make more higher cost placements with independent providers. This forecast assumes that £2m of one-off funding will be allocated from the CiC placements contingency budget.
- Support for Children with Disabilities, £0.763m overspend - Primarily due to the need to provide high cost packages to support children with complex needs to remain with their families or maintain their current CiC placement.
- Children’s Safeguarding services, £1.320m overspend - Due to the cost of employing agency social workers to cover vacancies.
- Early Help & Preventative Services, £0.342m underspend - Temporary vacancies.
- Home to School Transport, £1.742m overspend - Projected spend exceeds current allocated budget due to an increase in the number of children eligible for Council funded transport and an increase in average costs. The increase in cost is due to both economic factors affecting contractors and an increased need for more specialised vehicles to transport individual children.
- Education support services, £0.367m underspend – Additional income from grants and traded services.
- Management, ICT, Business services and other support services, £0.519m underspend - Underspend is primarily temporary vacancies within Business Services.

- Pensions payable to former teachers and other staff, £0.072m overspend - These costs represent pension obligations payable to teachers and other staff previously employed by the Authority. The majority of the cost relates to staff who left under efficiency programmes during the early 1990s.
- Grant income, £1.672m underspend - This underspend comprises in-year grant funding of which the largest item is the allocation from the Dedicated Schools Grant of £0.889m for Early Help services. These may not be available on an ongoing basis so these are used to mitigate against current levels of spend.

Forecast Under (-)/Over Spend by Service Line



The budget savings target for 2022-23 is £0.046m, with a further £0.678m target brought forward from previous years. The in-year savings target of £0.046 will be achieved. The prior-year savings target of £0.678 will also be achieved.

Additional funding has been provided in the 2022-23 budget for the main growth items:

- Leaving Care Services - £0.629m ongoing - Legislation has been enacted which places additional statutory duties on the Authority for care leavers. This ongoing allocation of funding ensures the Leaving Care Service staffing structure agreed in 2019 can be funded on a long term basis to meet the demands of the rising numbers of care leavers and continue to develop to support sustainable outcomes for care leavers.

- Education Psychology Demand - £0.210m ongoing - There has been a significant increase in the numbers of Education, Health and Care Needs Assessments (EHCNAs) agreed each year and it is a statutory requirement for the Local Authority to commission advice from an Educational Psychologist for each EHCNA. Funds additional EPs to ensure that statutory requirements can be carried out.

- Children's social care - Placements for children in care - £6.096m ongoing, £0.092m one-off, £1.222m ongoing contingency - The allocation recognises the greater numbers of children requiring placements and increased average costs of placements. Another £2.000m contingency allocation for one-off growth is included in the portfolio forecast.

- Children's social care - Vulnerable Children and Young People - £1.135m ongoing - The allocation recognises the greater numbers of children in care requiring support in addition to a care placement and on the edge of care requiring support to prevent entry to care.

- Children's social care - Disabled Children complex needs support to remain at home - £0.450m ongoing - Funding for direct payments to families with disabled children. The number of children supported in this way has increases over recent years and includes a greater number of children with highly complex needs receiving extensive care packages to enable them to remain at home having.

- Home to School Transport - £3.000m ongoing, £2.480m ongoing contingency - The allocation recognises the greater numbers of children and young people with SEN and increased cost of journeys.

- Social Workers - £0.400m one-off - To fully fund the frontline social work structure and the market supplement, without the need to hold a level of vacancies which would be counter-productive in meeting the statutory demands to help, protect and care for children in Derbyshire. The market supplement payment for social workers in frontline children’s social work teams was introduced in July 2019 to support the Council’s recruitment strategy.

- Performance, Quality and Participation - £0.291m one-off - Funding to support service pressures in complaints management and subject access requests (SARS).

- Process Improvement - £0.193m one-off - To fund a dedicated team to review and improve processes within Children’s Services.

- Elective Home Education - £0.360m one-off - Over the last year nationally and locally there has been a large increase in the number of Electively Home Educated (EHE) children. Funding to extend the EHE team to meet statutory functions to manage applications, determine whether there are any safeguarding risks and assess whether their education is suitable.

- Children in Care Legal Proceedings - £1.100m one-off - This allocation is for the expenditure associated with court proceedings which have increased in number and duration, incurring higher court fees and requiring greater use of external legal firms.

- Sports and Outdoor (SORE) - £0.980m one-off - Funding is to support the service during 2022-23 pending a review of the needs of the service moving forwards.

- Youth Action Grants - £0.125m one-off - To deliver the 2021 election manifesto commitment for a further Youth Action Grant Scheme to supported voluntary and community groups across Derbyshire.

- Temporary Alternative Children's Homes Accommodation During Refurbishment or Replacement - £0.946m one-off - One-off contingency budget to fund temporary accommodation to enable essential refurbishment at four children's homes and the rebuild of a short breaks home. The contingency has been drawn-down and a revenue contribution to capital made to support the Childrens Home refurbishment programme as approved by Cabinet on 16 June 2022.

- Pay Award 2021-22 - £1.083m ongoing.

- Pay Award 2022-23 - £4.154 ongoing, £0.028m one-off.

- National Insurance Social Care Levy - £0.270m one-off – additional cost of a 1.25% temporary increase in employer National Insurance contributions from 6 April 2022 to 6 November 2022.

- Employer Pension Contributions - £0.171m ongoing, £0.366m one-off – additional Local Government Pension Scheme employer pension contributions, which are required because of a difference between forecast pensionable pay when contributions were agreed and actual pensionable pay experience.

Other significant additional items of funding that the portfolio is expected to receive or has received since the budget was set are:

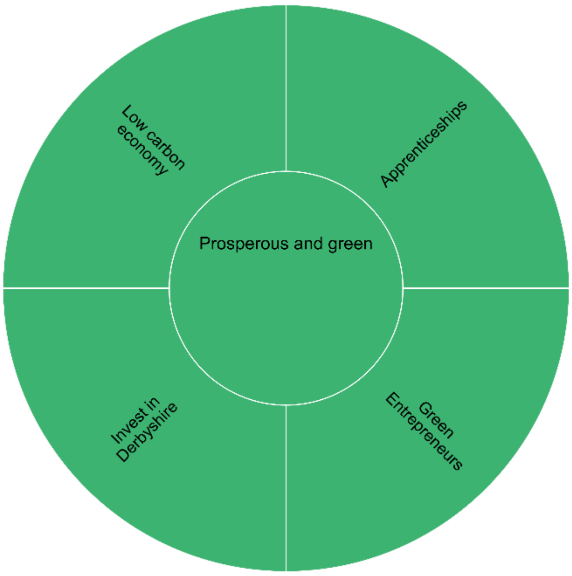
- Programmes Team - £0.392m one-off - one year funding via the Corporate Services and Transformation Programme Management Office budget to continue dedicated project resource to effect change and deliver one-off initiatives within Children's Services.

- Dedicated Schools Grant (DSG) contribution to costs - £0.889m one-off – support for Early Help services.

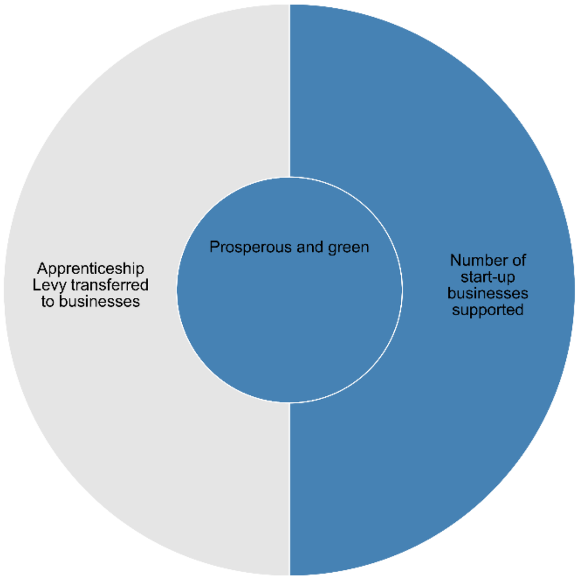
  Holiday Activities and Food Programme and Household Support - £8.262m one-off – grant to support families and vulnerable households.

Clean Growth and Regeneration - Portfolio Summary

Deliverable Progress



Key Measures Against Target



Key Strong Good Review Action Data not available/Target not set

Progress is "good" for all of the Council Plan deliverables led by the portfolio.

Key areas of success are:

- **Completed Outline Business Case and prepared a planning application to progress the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area**

  Approval in principle granted in December 2022 following the submission of the Outline Business Case.

- **Worked with Derbyshire businesses to support the creation of apprenticeship opportunities in key economic sectors, connecting people to local job opportunities**

  To date this year £0.269m of the apprenticeship levy has been transferred to businesses, £0.172m in Quarter 3.

There are no key ares of concern.

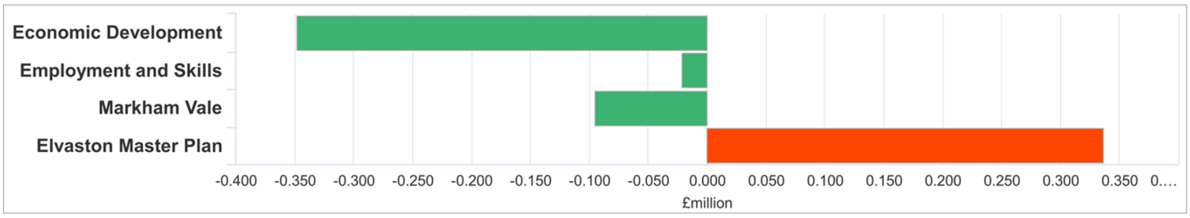
There is a forecast underspend of £0.128m on the portfolio. The main variances are:

Economic Development, £0.347m Elvaston Master Plan, £0.366m overspend – Current works being undertaken cannot be capitalised, however there is no Revenue budget in place to fund them.

Economic Development, £0.348m underspend - Due to staff vacancies.

Forecast Outturn against Target Budget

Forecast Under (-)/Over Spend by Service Line



There are no budget savings allocated to this portfolio.

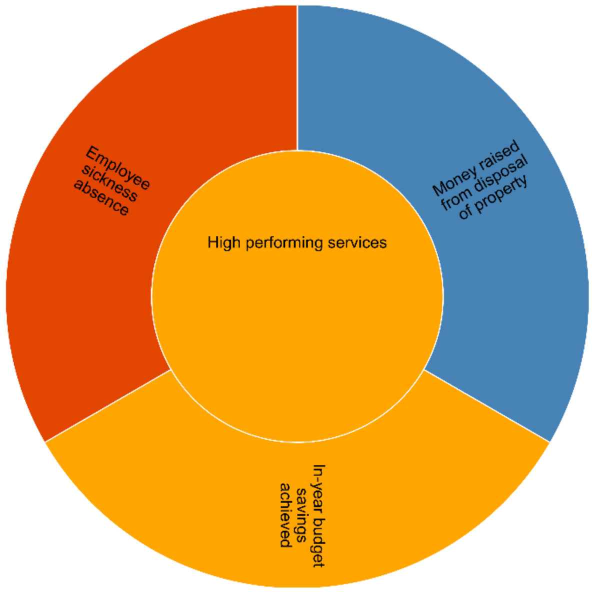
Additional funding has been provided in the 2022-23 budget for the main growth items:

- Regeneration Services Development - £0.275m ongoing, £0.140m one-off - Additional resources to grow core establishment as demands on the service continue to grow. Implementation of a grants and bidding team who once established should become self funding.

Corporate Services and Budget - Portfolio Summary

Deliverable Progress

Key Measures Against Target



Key Strong Good Review Action Data not available/Target not set

Progress is "good" for 2 out of the 5 Council Plan deliverables led by the portfolio.

Key areas of success are:

Reviewed the Council's Wellbeing Strategy and associated action plan to further support employee wellbeing, reduce sickness absence and improve service delivery

Cabinet approved the revised Wellbeing Strategy and a revised Health and Safety Policy Statement and Organisational Responsibilities document on 17 November 2022. Work continues to collate all the existing Council Health Safety and Wellbeing policies and guidance and to begin to review and rationalise these into a one Council format.

Completed a programme to centralise ownership, management, and responsibility for all of the Council's land and property assets and budgets, within Corporate Property, to ensure the most effective use of our land and buildings

During Quarter 3 £2.465m was raised from the disposal of land and buildings. This exceeded the Quarter 3 target of £0.837m. The concerns around the uncertainty in the economic and property market did not translate into a reduction in demand and sales out performed reserves. The Council is on track to exceed the end of year target of £2.900m.

Key areas for consideration are:

Reviewed the Council's Wellbeing Strategy and associated action plan to further support employee wellbeing, reduce sickness absence and improve service delivery

Issue: Employee sickness absence has risen to 5.5% for the year up to end of Quarter 3 2022-23 compared with 5.0% for the same period last year. The target for the year is 4.6%. **Response:** Sickness levels continue to be reported to Senior Management teams on a regular basis. The sickness data has been refined further to better understand the direct effect that uncontrollable/unmanageable absence (such as Covid-19) is having on sickness levels and to break down further the underlying causes of sickness across the most significant primary causes of sickness. Work continues to further refine sickness data to allow for interventions to be targeted at areas of highest impact to reduce levels of sickness absence.

Kept on track to achieve all planned budget savings in the current year

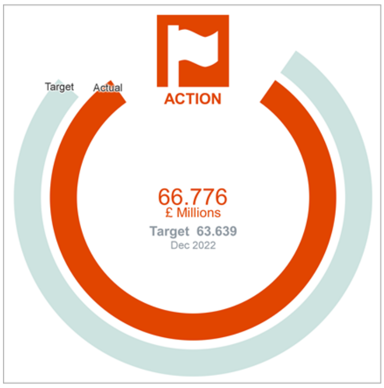
Issue: It is forecast that of the in-year savings target of £8.057m, £7.337m will be achieved in the current financial year. **Action:** The Council is reviewing all of its savings initiatives and developing a programme of savings proposals to address the estimated funding gap over the medium term. Where savings have not been achieved in previous years and brought forward into the current financial year, mitigations and alternative savings delivery is being considered. Detailed savings have been brought forward by departments as part of the 2023-24 budget setting process.

Implemented a contract and supply chain management regime across the Council which drives value for money throughout the contract lifecycle

Issue: There is an unprecedented demand for procurement and contract management employees. This is impacting on our ability to recruit into procurement and contract management vacancies and causing significant delays to establishing and implementing the Council's contract management framework. **Action:** While recruitment difficulties remain, some progress is being made. Contract Management training is now available free of charge via Central Government, and this has been publicised across the Council to enable employees who are currently tasked with managing contracts to access training. The Council are also working with the Cabinet Office in piloting an advance contract management training offer, with ten employees from various departments taking part.

There is a forecast overspend of £3.137m on the portfolio after the allocation of £0.810m of DLUHC Covid-19 emergency grant funding. Before the allocation of this funding, the main variances are:

Forecast Outturn against Target Budget



- Strategic Management, £0.162m overspend – Due to unallocated departmental savings.

- Legal services, £0.682m overspend - The forecast overspend for Legal is primarily due to non-achievement of savings targets (unachieved targets carried forward into 2022-23 of £0.378m). There are plans in place for achievement of these savings targets. It is also a result of a salaries budget shortfall, which on a fully resourced section is £0.952m. This has been masked in previous years due to one-off funding and a budget pressure has been put forward to close the gap.

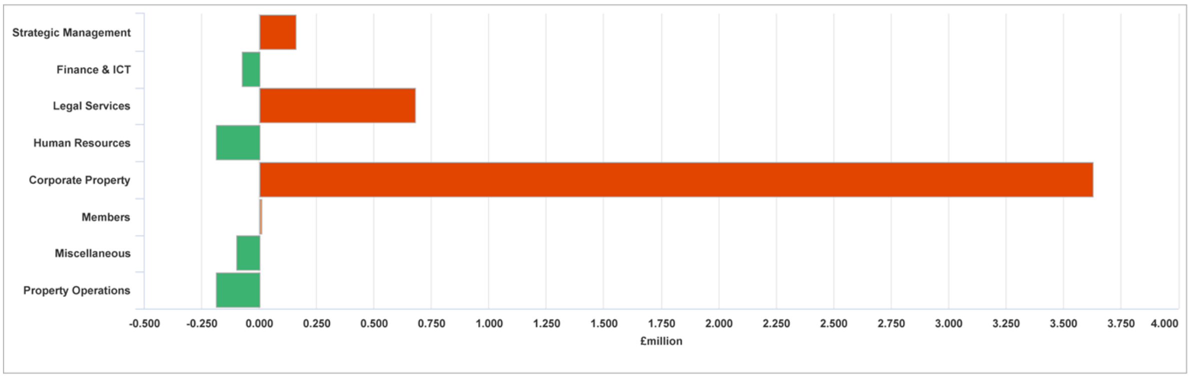
  Legal Services has also received additional funding this year of £0.904m for additional posts in the Childcare & Education teams, recruitment of these posts is now taking place with the posts expected to be filled by April 2023. Whilst these vacancies have a positive impact on the budget position, this is offset by the use of more expensive agency locum solicitors in the interim.

  The current forecasts for Legal Services do not reflect any income or achievement of savings from the new operating model known as Core Offer, although it is hoped that some level of savings will be delivered this financial year. Research has shown substantial benefits have been delivered in other Local Authorities that have introduced a similar operating model. Work is currently being undertaken to identify the level of income arising from introducing the Core Offer. It is already evident that departments are giving more consideration to the level of work directed to Legal Services; therefore, some benefits in respect of demand management are being realised.

- Human Resources, £0.184m underspend - Unfilled vacancies of £0.600m and a £0.150m underspend on the training budget, arising due to a review of the Learning & Development Section that has resulted in the training programme not being completed this financial year. This is offset by £0.364m of income targets and £0.295m allocated savings target which will not be achieved this financial year. Work is currently progressing to identify alternative savings initiatives to achieve the income and savings targets in a future financial year.

- Corporate Property, £3.629m overspend - The main overspends are on the Corporate Property Division of £1.324m; the County Buildings budget of £1.369m and as a result of the under achievement of the Industrial Development income target of £0.538m. The overspend is primarily due to the non-achievement of historic savings targets. These savings are expected to be achieved through the rationalisation of the Property base and consequent reduction in Property running costs and borrowing savings on Capital receipts. There will be best efforts to achieve this target through PSP Derbyshire LLP as the principle method of delivering the savings target. It is estimated that inflation in respect of buildings maintenance, gas and electricity accounts for £0.898m of the forecast overspend, after allowing for the offset from Government price caps.
- Property Operations, £0.187m underspend - A surplus on the DSO as a result of increased charge-out rates.. Also, as a result of officers managing overheads and surpluses across the Construction & Maintenance trading accounts from quoted works.

Forecast Under (-)/Over Spend by Service Line



The budget savings target for 2022-23 is £0.444m, with a further £4.397m target brought forward from previous years. The in-year savings target of £0.444 will be achieved. £2.532m of savings brought forward from previous years will be achieved before the end of the financial year.

Additional funding has been provided in the 2022-23 budget for the main growth items:

- Finance & ICT-Procurement Staff Restructure - £0.095m ongoing - To support the response to the new National Procurement Policy Statement (NPPS).
- Finance & ICT-Cloud Storage - £0.400m ongoing - To purchase licences for the new soft telephony solution.

- Finance & ICT-Delivery Priorities - £0.200m ongoing - To invest in the ICT Strategy which has the need to increase the ICT Budget by £1m (£200k per year) over the 5-year strategy period to support the delivery of the priorities.

- Finance & ICT-Software Asset Management Tool - £0.062m ongoing, £0.025m one-off - To purchase a Software Asset Management tool (SAM).

- Finance & ICT-Centralised Procurement - £0.085m ongoing - To provide a procurement Team for Children Services.

- Project Support-External Advisors - £3.000m one-off - Technical and professional support for waste matters.

- Finance & ICT-Revenue Financing Costs for Capital Bids - £2.925m ongoing - This reflects the financing costs associated with the additional borrowing that is required to support new starts in the capital programme.

- Legal Services-Child Protection - £0.730m ongoing - To appoint additional staff to work in the Child Protection Team.

- Legal Services-Education Legal team - £0.174m ongoing - For additional support required for the Education Legal Team.

- ODP-Business Change & Programme Mgt teams - £1.020m ongoing, £0.020m one-off - To ensure the Council can more effectively deliver and implement one council change and strategic transformation.

- ODP-Domestic Abuse - £1.417m ongoing - To enable the development and delivery of a long-term comprehensive commissioning strategy on Domestic Abuse.

- ODP-Community Safety - £0.254m ongoing - To support new activity required to meet statutory duties in respect of Community Safety.

- ODP-Vision Derbyshire annual contribution - £0.088m ongoing - To support the Council's contribution to the Vision Derbyshire Programme resource.

- ODP-Equalities - £0.092m ongoing - To support the implementation of the Council's new Equality, Diversity, and Inclusion Strategy.

- ODP-Channel Shift - £0.034m ongoing - To support the Team woking on Channel Shift.

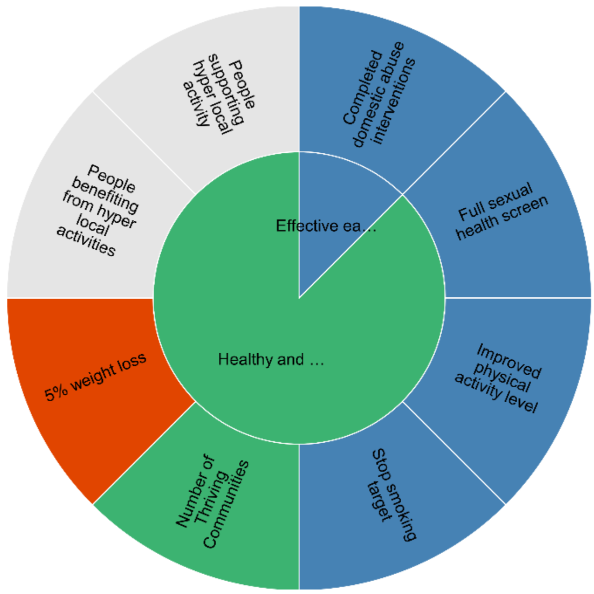
- Pay Award 2021-22 - £0.940m ongoing.

- Pay Award 2022-23 - £3.046 ongoing, £0.019m one-off.
- National Insurance Social Care Levy - £0.207m one-off – additional cost of a 1.25% temporary increase in employer National Insurance contributions from 6 April 2022 to 6 November 2022.
- Employer Pension Contributions - £0.132m ongoing, £0.281m one-off – additional Local Government Pension Scheme employer pension contributions, which are required because of a difference between forecast pensionable pay when contributions were agreed and actual pensionable pay experience.

Health and Communities - Portfolio Summary

Deliverable Progress

Key Measures Against Target



Key Strong Good Review Action Data not available/Target not set

Progress is "good" or "strong" for the majority of the Council Plan deliverables led by the portfolio.

Key areas of success are:

- **Finalised the review of voluntary and community sector grants and established a consistent approach to future funding to support the sector to recover well, grow and thrive**

  Following a six-week period of engagement, decision letters have been issued to all 62 organisations covered by the review on the future status of their funding. For those grants where agreement had been reached to commission funding moving forward, work will continue to ensure new arrangements are in place from April 2023, to ensure that there is no gap in the provision of activity.

- **Established a new grant funding prospectus and framework and provided grants which promote positive behaviours for young people and residents, improve local networks, help people to feel safer, and encourage sustainable and green activity**

  Delivery of the Council's new, outcomes-based funding programme for the sector continues through the Funding Framework and Prospectus. Grants valuing more than £0.8m have been approved.

- ✅ **Worked with partners to enable individuals and communities to lead healthier and happier lives, accessing support when and where they need it to encourage physical activity, help people stop smoking and manage their weight**

  The 4-week smoking quit rate of 65% remains above the England average, which is 59%. Live Life Better Derbyshire is leading the implementation of the tobacco dependency treatment project in Derbyshire that has begun to offer stop smoking support to inpatients at Chesterfield Royal Hospital and Derby Hospital.

- ✅ **Provided support to people and communities in need, including financial help from our discretionary fund, and other activities that promote financial inclusion**

  The impact of the rising cost of living and the Council's communications work has increased the amount of residents accessing the welfare rights service; during Quarter 3 6,452 residents have been supported to maximise their benefit income across provision delivered by the Welfare Rights team. The Public Health Advisory Service is also meeting high demand in both GP surgeries and community settings. During Quarter 3 the service has made 6,215 contacts, and supported people to gain £3.266m in income and manage £1.123m of debt.

- ✅ **Developed a longer-term preventative wellbeing coaching model that offers health and wellbeing advice to prevent, reduce and delay the need for adult social care services**

  The Health and Wellbeing Team have made good progress on developing a new service model during Quarter 3. Several of the challenges identified early in the project have now been completed, with the online form to enable access to the service due to go live on 1 April 2023 and the coaching qualification for staff members to commence during Quarter 4. During Quarter 3 the team have supported 107 introductions to health and wellbeing advisory services through the Winter Pressures Single Contact Point.

- ✅ **Worked in partnership with the NHS to support the establishment of a well-functioning Integrated Care System, Integrated Care Partnership and Local Place Alliances that benefit the health and wellbeing of the people of Derbyshire**

  The Integrated Care Partnership (ICP) has been meeting in shadow format throughout Quarter 3. The Derbyshire Health and Wellbeing Board has agreed revised Terms of Reference, and these have been approved by Cabinet. The ICP has been set up as a joint committee of the Council. The Integrated Care Strategy has been developed and a draft presented to the ICP on 7 December 2022. Further development work linked to the Joint

Strategic Needs Assessment has taken place, including work on the self-serve platform and aligning it to system working.

Worked with partners to promote positive mental wellbeing and improve support for local people, with a particular focus on young people at both school and in the community

During Quarter 3, as part of mental health and suicide awareness, the 'Let's Chat Derbyshire' sign campaign was further developed to include indoor areas with around 100 organisations across Derbyshire signing up to be part of the campaign. The campaign has also linked up with the Warm Spaces initiative where an information film and offer of wellbeing support via a wellbeing counsellor has been included for people attending Warm Spaces. During November 2022 a two-day conference and exhibition was held in Chesterfield on Wellbeing, Mental Health and Suicide Prevention in the voluntary, community and social enterprise sector with over 100 people attending the event.

Key areas for consideration are:

Number of participants in Council weight management programmes who achieve 5% weight loss

Issue: It is projected that a total of 179 people who started the programme by the end of Quarter 3 will have achieved a 5% weight loss, compared to a target of 210. **Action:** Quarter 2 figures and projections for Quarter 3 show that performance is improving and of those completing the weight management programme in Quarter 2, 19% achieved a 5% weight loss, which is better than the England average of 17% in 2021-22. Satisfaction with the service remains high, with 99% of clients surveyed stating they would recommend Live Life Better Derbyshire to family and friends. The service continues to consider how it can improve client retention and outcomes.

Worked with partners through the Vision Derbyshire approach to develop a countywide approach to improve social mobility, targeting underperforming areas across the county

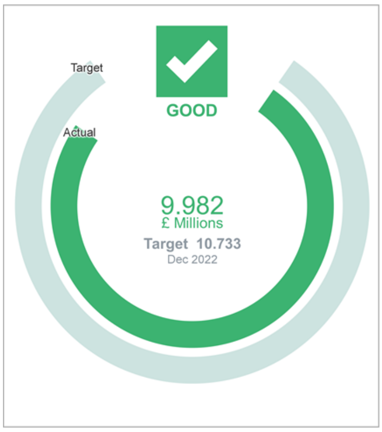
Issue: Work to develop a countywide approach to Vision Derbyshire has been delayed due to difficulties in recruiting to the Vision Derbyshire programme team which will take forward this work. **Response:** Approval for the transferring of host arrangements for the Vision Derbyshire team to the Council will be considered by the Vision Derbyshire Joint Committee during Quarter 4. This will enable the recruitment into permanent roles which will address issues around the challenging recruitment landscape.

Key areas to note are:

- The latest data for Quarter 3 from the Office for National Statistics (ONS) Infection Survey estimates show that the percentage of people testing positive for Covid-19 increased, there was a slight decrease and then further increase in modelled Covid infection rates. Health Protection continues to monitor the situation carefully in partnership with local organisations.
- For substance misuse, during Quarter 3 there has been an increase in the number of successful completions for opiate users but a slight downturn in successful completions for non-opiates and alcohol. In response to this downturn, Derbyshire Recovery Partnership has developed lead roles and a refreshed programme of non-opiate/alcohol interventions, which are designed to empower key workers to more effectively support in these areas along with improved website content/online support.
- The number of participants in Council weight management programmes is not achieving the projected 5% weight loss target. This has been an issue for three quarters and will be flagged as Action to CMT/ Cabinet.

There is a forecast underspend of £0.751m on the portfolio. The main variances are:

Forecast Outturn against Target Budget



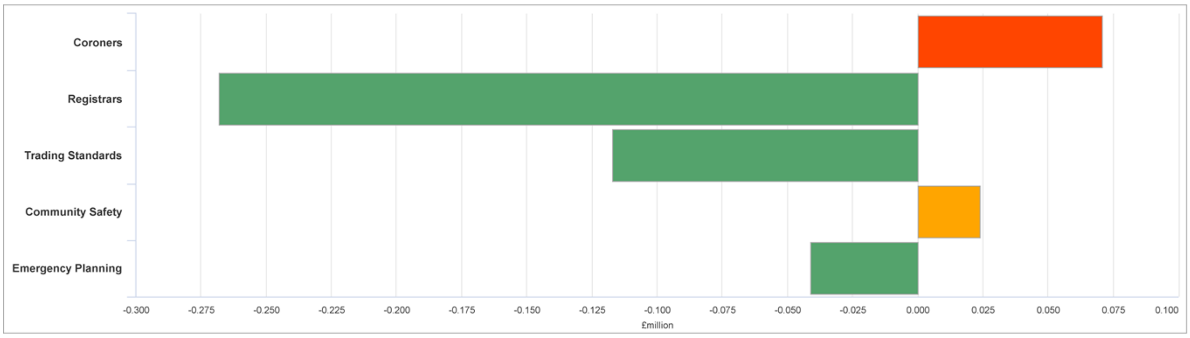
- ✔ Registrars, £0.268m underspend - Registration income increased significantly following the easing of the Covid restrictions and there is also a backlog of registrations coming through from the previous years when events such as weddings couldn't take place.

  It was thought that this backlog and additional income would be a one-off for 2021-22, however this trend has continued and reflects the level of underspend. It is not anticipated that this will continue at the same rate going forwards.

  The underspend is reduced by the cost of recent staffing changes, including additional posts intended to generate additional income.
- ✔ Trading Standards, £0.117m underspend - Vacancies
- ✔ Public Health - Prevention, £0.420m underspend - One off Covid funding from Government has been used to fund expenditure plus an additional contribution from Public Health ring-fenced Grant towards Covid responsibilities. Furthermore, some expenditure has been recharged to the Household Support Fund.

Coroners, £0.071m overspend - An additional £0.050m for a specific complex case and acting up pay for The Deputy Coroner whilst the Coroner is on sickeness absence.

Forecast Under (-)/Over Spend by Service Line



There is no budget savings target for this porfolio in 2022-23. A savings target of £0.042m target has been brought forward from previous years. It is not anticipated that the savings brought forward from previous years will be achieved before the end of the financial year.

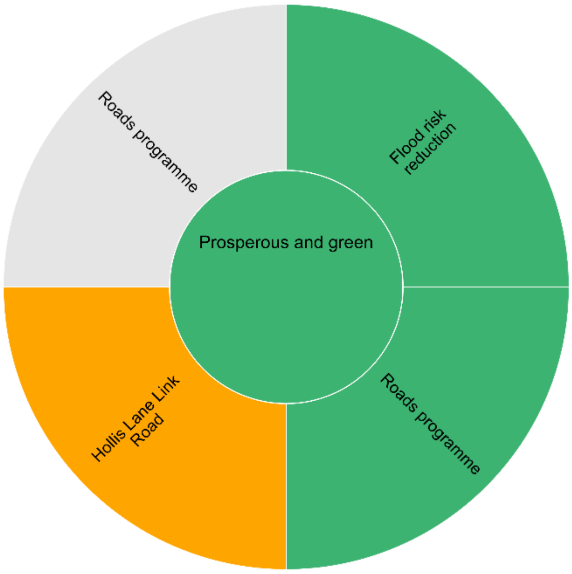
Additional funding has been provided in the 2022-23 budget for the main growth items:

- Domestic Abuse - £1.417m ongoing - The Domestic Abuse Act 2021 has introduced statuatory duties in the provision of emergency accomodation for victims of domestic abuse and their families. To enable the development and delivery of a long term comprehensive commissioning strategy, this bid seeks to confirm the availibility of funding on an ongoing basis and make a temporary post permanent. This bid puts the base budget in but will be offset by a general grant received in later years.

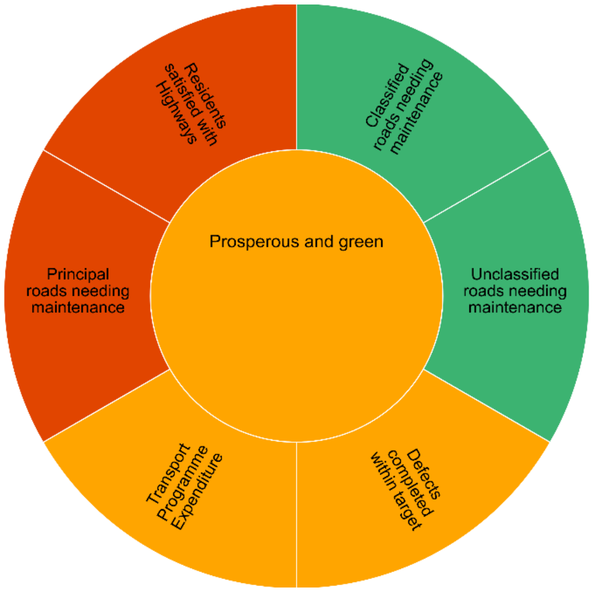
- Community Safety - £0.254m ongoing - Funding to support new activity required to meet statuatory duties in respect of community safety, i.e. the imminent Serious Crime White Paper. The funding is for three posts and a project fund to support commissioned activity.

Highways Assets and Transport - Portfolio Summary

Deliverable Progress



Key Measures Against Target



Key Strong Good Review Action Data not available/Target not set

Progress is "good" for the majority of the Council Plan deliverables led by the portfolio.

Key areas of success are:

Completed Outline Business Case and prepared a planning application to progress the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area

Approval in principle granted in December 2022 following the submission of the Outline Business Case.

Key areas for consideration are:

Percentage of Principal roads where maintenance should be considered

Issue: Percentage of Principal roads where maintenance should be considered is 15.4% against a target of 13.0%. **Action:** The annual survey is undertaken between April and June and therefore the results do not reflect the investment and work undertaken over the last six months.

Percentage of residents satisfied overall with Highways and Transportation services

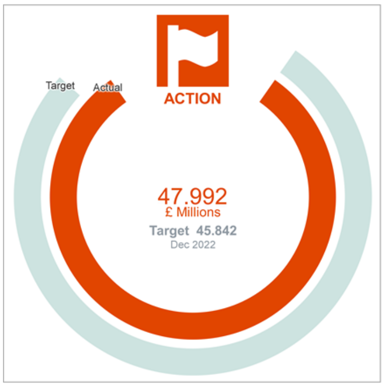
Issue: The percentage of Principal roads where maintenance should be considered is 15.4% against a target of 13.0%. The annual National Highways and Transportation Survey showed residents' satisfaction is at 51% compared with 52% last year and a target of 57%. **Action:** The Council continues to prioritise investment in the delivery of its Local Transport Programme to provide well managed roads and highways and address road safety concerns. The annual survey of road condition is undertaken between April and June and therefore the results do not reflect the investment and work undertaken over the last six months. Similarly the National Highways and Transportation Survey is undertaken during early in the year. Whilst the condition of principal roads has not achieved target, the condition of non-principal roads and unclassified roads are better than target. The level of satisfaction has dropped to 50% nationally in our comparative local authority areas.

Opened Hollis Lane Link Road Phase 1 in Chesterfield to improve road access

Issue: Due to economic conditions, cost uncertainty will remain until a construction contractor is appointed. **Response:** Rigorous process in the procurement of a contractor is underway to ensure best value.

There is a forecast overspend of £2.150m on the portfolio, after the use of £3.790m of Place departmental earmarked reserves. The forecast includes £1.212m of inflationary increases. Before the allocation of reserves funding, the main variances are:

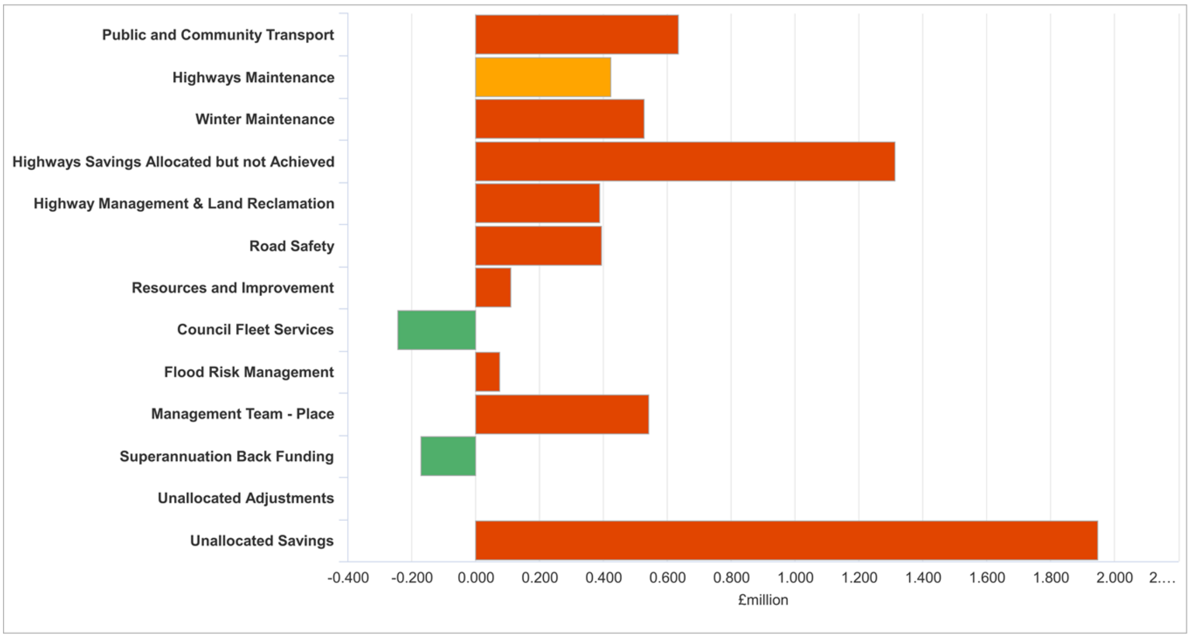
Forecast Outturn against Target Budget



- Public and Community Transport, £0.635m overspend - Increases in tendered contract prices.
- Highways Maintenance, £0.422m overspend - An increase in the workforce assigned to routine maintenance.
- Winter Maintenance, £0.527m overspend - The budget is insufficient to cover the costs of an average winter. However, this overspend will be met by the Place Department's Winter Maintenance Reserve and it therefore has no impact on the Council's forecast portfolio outturn position.
- Highways Management and Land Reclamation, £0.389m overspend – Inflationary impacts.
- Road Safety, £0.393m overspend - Relates to a prior year savings target which is yet to be achieved.

- Unallocated Savings, £1.948m overspend - Savings cuts allocated to the departmental budget that are not yet able to be met/allocated.
- Fleet Services, £0.244m underspend - Income received in relation to the Police Contract is higher than budgeted. However, less police vehicles are coming in for repair as they are being replaced and inflation is impacting on the cost of fuel, oil and parts.
- Management Team, £0.543m overspend - This relates to the recruitment of seven Grade 15 Assistant Director roles which are currently unfunded.
- Highways Savings Target, £1.312m overspend - Savings targets allocated to this service with no savings proposals yet implemented.

Forecast Under (-)/Over Spend by Service Line



The budget savings target for 2022-23 is £0.500m, with a further £3.171m target brought forward from previous years. None of the in-year savings target or savings brought forward from previous years are expected to be achieved before the end of the financial year.

Additional funding has been provided in the 2022-23 budget for the main growth items:

- Drainage - £1.313m ongoing, £1.313m one-off - increasing impact of Climate Change, increasing severe weather events particulariliy flooding which cause major disruption and damage to properties and the highways network. Improvement, maintenance and investigation is needed to assess and enhance the Council's draininage infrastructure and assets.

- Street Lighting Energy - £0.415m ongoing – contingency budget allocated for increases in street lighting energy costs.

- Pay Award 2021-22 - £0.439m ongoing.
- Pay Award 2022-23 - £2.242m ongoing, £0.018m one-off.
- National Insurance Social Care Levy - £0.143m one-off – additional cost of a 1.25% temporary increase in employer National Insurance contributions from 6 April 2022 to 6 November 2022.
- Employer Pension Contributions - £0.090m ongoing, £0.192m one-off – additional Local Government Pension Scheme employer pension contributions, which are required because of a difference between forecast pensionable pay when contributions were agreed and actual pensionable pay experience.

Infrastructure and Environment - Portfolio Summary

Deliverable Progress

Key Measures Against Target

Key Strong Good Review Action Data not available/Target not set

Progress is "good" for all of the Council Plan deliverables led by the portfolio.

Key areas of success are:

- **Completed Outline Business Case and prepared a planning application to progress the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area**

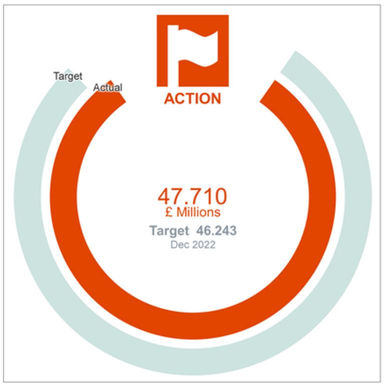
  Approval in principle granted in December 2022 following the submission of the Outline Business Case.

- **Developed the Natural Capital Strategy, identifying areas where the natural environment can be further enhanced whilst also supporting the green economy**

  Strategy being refined ready for circulation.

There are no key areas for concern.

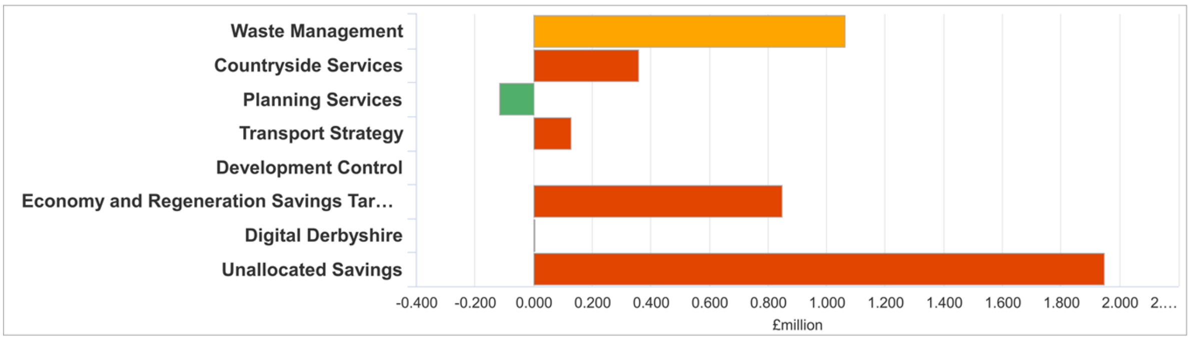
Forecast Outturn against Target Budget



There is a forecast overspend of £1.467m on the portfolio, after the use of £2.767m of Place departmental earmarked reserves. Before the allocation of this funding, the main variances are:

- Waste Management, £1.063m overspend – £2m due to inflation, offset by an estimated 6% annual decrease in tonnages.
- Countryside Services, £0.359m overspend - £0.250m savings allocated, for car parking, but not yet achieved. £0.100m due to inflation.
- Economy and Regeneration Savings Target , £0.848m overspend - Savings targets allocated to this service with no savings proposals yet implemented.
- Unallocated Savings, £1.948m overspend - Savings allocated to the portfolio but not yet allocated to specific areas.

Forecast Under (-)/Over Spend by Service Line



The budget savings target for 2022-23 is £0.100m, with a further £2.981m target brought forward from previous years. The in-year savings target of £0.100 will be achieved and it is forecast that £0.214m of the savings brought forward from previous years will be achieved before the end of the financial year.

Additional funding has been provided in the 2022-23 budget for the main growth items:

- Waterbodies Officer - £0.038m ongoing - New post to manage waterbody assets on behalf of the Coutryside Service.
- Million Trees - £0.113m ongoing - To allow the department to meet the Manifesto pledge to plant 1 million trees by 2030.

- Ash Die Back - £0.270m ongoing - To allow the Countryside Service to lead a strategic corporate response to develop and implement an Ash Die Back Action Plan.

- Kick Start/ Major Schemes - £2.850m one-off - To cover costs such as economic and transport modeling and preliminary design etc in relation to major infrastructure projects prior to them becoming a capital project.

Strategic Leadership, Culture, Tourism and Climate Change - Portfolio Summary

Deliverable Progress

Key Measures Against Target

Key Strong Good Review Action Data not available/Target not set

Progress is "good" or "strong" for the majority of the Council Plan deliverables led by the portfolio.

Key areas of success are:

Worked with partners and central government to negotiate a County Deal for Derbyshire and Derby as one of the nine early pathfinder areas including securing powers, flexibilities and funding and establishing effective governance arrangements

The Government signed a devolution deal with Derbyshire, Derby, Nottinghamshire and Nottingham Councils on 30 August 2022 which will see the East Midlands receiving £1.14 billion over 30 years to invest in the region and the establishment of an East Midlands Mayoral Combined County Authority, subject to formal agreement and public consultation. Public consultation has commenced and will conclude in Quarter 4.

Supported a resident-first approach through a range of mechanisms to improve access to online services and customer service performance

The Council continues to roll out more online services and proactive updates to our residents. The Council has seen a steady month on month increase in the number of people opening My Derbyshire accounts that enables them to report some incidents on line and also to track progress.

Kept Council Tax within the lowest 25% of County Council areas and lobbied government to secure a better funding settlement

The Council's Council Tax level remains in the bottom 25% of similar authorities.

The Council continues to take opportunities to lobby Government for an improved and multi-year funding settlement, individually and collectively as part of the national Society of County Treasurers group.

Delivered the Climate Change Strategy and Action Plan which sets out priorities to reduce the county's carbon emissions

The strategy was approved by Cabinet on 14 October 2021 and is now just over one year into its implementation and monitoring. 17 (53%) of the 32 priority actions in the Strategy are allocated a "Good" rating.

Explored initiatives to tackle climate change including low carbon local energy generation

The Derbyshire Renewable Energy Study and The Climate Change Planning Guidance and associated assessment tool are both completed.

Key areas for consideration are:

Transferred a minimum of five libraries to community management, engaging and involving communities in the development of a cost-efficient library service

Issue: One community library has been transferred with expressions of interest for three others. No further interest has been received. **Response:** A new approach is being developed moving forwards as part of the refresh of the Library Strategy.

Reduced carbon emissions from Council property and vehicles, street lighting and procurement

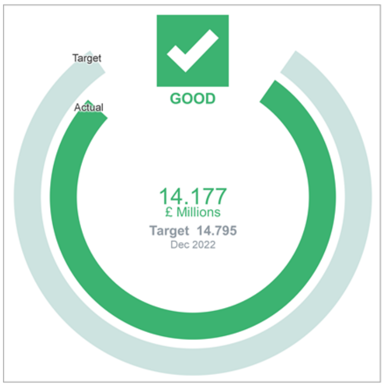
Issue: Modelling suggests that, for the four sources measured and reported (council property, streetlighting, travel for Council business using the Council's fleet and employees own vehicles, and procurement) there may be a potential shortfall of 8,710 tonnes CO_2e in the necessary emissions reduction by 2031-32. This is from the 2009-10 baseline of 47,295 tonnes. **Response:** Further reductions in emissions will be sought, particularly through continued rationalisation of Council land and building assets, the reduction and electrification of travel for Council business and the decarbonisation of heat in buildings. Some of these residual emissions are likely to be offset through renewable energy generation on Council owned buildings and land, and by carbon sequestration through activities such as tree planting.

Mobilised the Derbyshire Cultural Framework and reviewed and developed a costed action plan for the Derwent Valley Mills World Heritage Site

Issue: The roll out of the Cultural Recovery Fund, which supports delivery of the Cultural Framework has been delayed. Approval of the allocation of the funds was initially delayed, pending a review of the Council's grants award process. This has been resolved but has led to a knock-on delay in the recruitment of a Grants Team to support administration of the fund.
Response: Approvals are in place for the recruitment of a new Sustainable Growth Grants Team, who will support the administration of the Cultural Recovery Fund.

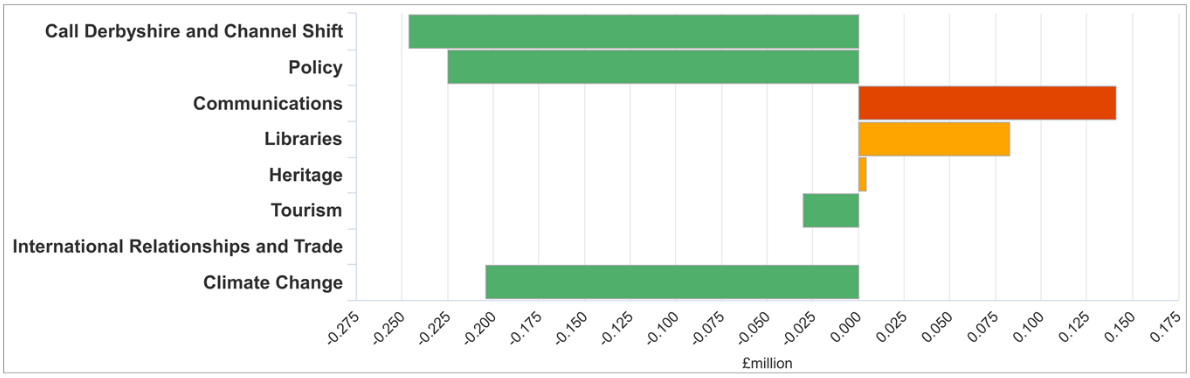
There is a forecast underspend of £0.618m on the portfolio after the allocation of £0.141m of DLUHC Covid-19 emergency grant funding. Before the allocation of this funding, the main variances are:

Forecast Outturn against Target Budget



- Communications, £0.141m overspend - Unable to achieve a £0.187m target to generate advertising income.
- Call Derbyshire, £0.246m underspend – Due to staff turnover in the call centre.
- Policy, £0.225m underspend - Vacancies.
- Climate Change, £0.204m underspend – Due to a staff vacancy. Also, additional budget was only allocated this financial year and some activities are yet to substantially commence.

Forecast Under (-)/Over Spend by Service Line



The budget savings target for 2022-23 is £0.156m, with a further £0.645m target brought forward from previous years. The in-year savings target of £0.156 will be achieved and £0.124m of savings brought forward from previous years will be achieved before the end of the financial year.

Additional funding has been provided in the 2022-23 budget for the main growth items:

- Business Change - £1.020m ongoing, £0.020m one-off - Funding to ensure the Council can more effectively deliver and implement One Council change and strategic transformation. Funding to ensure the Council can more effectively deliver and implement One Council change and strategic transformation. Funding to ensure the Council can more effectively deliver and implement One Council change and strategic transformation.

- Channel Shift - £0.034m one-off - The Channel Shift Team is currently supported by temporary members of staff. In order to fully embed the system, support the maximisation of benefit realisation, and make most of the contracted purchase period of four years, it is anticipated that some dedicated staff resource will be required to deliver the programme past the intially anticipated point.

- Vision Derbyshire - £0.088m ongoing - Funding to support the Counxil's contribution to the Vision Derbyshire Programme resource.

- Climate Change - £0.463m ongoing - The Council needs to take action to reduce emissions to net zero from its own estate and operations by 2023 or sooner, and from across the county by 2050 (in line with Governement targets) and published its Climate Change Manifesto in May 2019. The Council also needs to build resilience across its own services and across the county to adapt to a changing climate and deliver identified priorities.

Traded Services

Fully Traded

'Fully traded' trading areas are separately identifiable and have a net controllable budget of £0, i.e. there is an expectation that on average all the controllable expenditure within this area will be funded from external income.

Portfolio	Service Area	Trading Area	Projected Gross Controllable Expenditure* £m	Projected Gross Controllable Income £m	Forecast Contribution/ Deficit(-) to General Overheads £m	Performance	Is Contribution/ Deficit transferred to Earmarked Reserves?
CSB	Finance & ICT	IT Support Services	0.703	0.675	-0.028		No
CSB	HR	Schools Advisory Service	0.455	0.494	0.039		No
CSB	HR	Work Experience	0.098	0.098	0.000		No
CSB	Corporate Property	Direct Service Organisation Operations	18.272	18.459	0.187		Yes
CSSGE	School Catering	School Catering + FSM checking	26.579	25.622	-0.957		No

Portfolio	Service Area	Trading Area	Projected Gross Controllable Expenditure* £m	Projected Gross Controllable Income £m	Forecast Contribution/ Deficit(-) to General Overheads £m	Performance	Is Contribution/ Deficit transferred to Earmarked Reserves?
CSSGE	SORE	Swimming	1.357	1.501	0.144		No
			47.464	46.849	-0.615		

*This is the expenditure remaining after any costs have been recharged to other service areas internal to the Council.

Partially Traded

'Partially traded' trading areas do not have a net controllable budget of £0, but they do receive income from external entities which contributes to funding some of the discretionary services they provide.

Portfolio	Service Area	Trading Area	Budgeted Income Target £m	Projected Actual Income £m	Forecast Excess/ Shortfall(-) compared to Target £m	Performance
CSB	Legal and Democratic	Legal Services	0.549	0.444	-0.105	
CSB	Corporate Property	Disability Design Team (DFG agency fees)	0.087	0.087	0.000	
CSB	Corporate Property	Estates	0.070	0.070	0.000	
CSB	Corporate Property	Energy Management: Commissioning Fees	0.070	0.070	0.000	
CSB	Corporate Property	Energy Management: Display Energy Certificates	0.008	0.004	-0.004	
CSB	Corporate Property	Energy Management: Fire & Rescue Svc Database Mgt	0.006	0.006	0.000	

Portfolio	Service Area	Trading Area	Budgeted Income Target £m	Projected Actual Income £m	Forecast Excess/ Shortfall(-) compared to Target £m	Performance
CSB	Corporate Property	Asbestos Surveys	0.058	0.052	-0.006	
CSB	Corporate Property	SMHP Repairs & Maintenance Contract Mgt Fee	0.016	0.016	0.000	
CSB	Corporate Property	CDL Surveys	0.026	0.017	-0.009	
CSB	Corporate Property	County Buildings	0.593	0.559	-0.034	
CSB	Corporate Property	Industrial Development	1.889	1.712	-0.177	
CSB	HR	Occupational Health Services	0.072	0.123	0.051	
CSB	HR	Learning & Development	0.198	0.117	-0.081	
CSB	HR	H&S	0.082	0.109	0.027	
CSB	HR	Payroll Services	1.654	1.617	-0.037	
CSB	Finance & ICT	Exchequer	0.329	0.259	-0.070	
CSSGE	Education Improvement	Various	0.816	0.491	-0.325	

Portfolio	Service Area	Trading Area	Budgeted Income Target £m	Projected Actual Income £m	Forecast Excess/ Shortfall(-) compared to Target £m	Performance
CSSGE	SORE	Outdoor Education & Sport	1.233	1.777	0.544	
CSSGE	SEMH Services	Behavioural Support	0.264	0.305	0.041	
CSSGE	DACES	Adult Education	0.201	0.210	0.009	
CSSGE	Education Welfare	Education Welfare	0.009	0.000	-0.009	
CSSGE	Music	Music	0.145	0.131	-0.014	
CSSGE	Children Missing Education	Out of School Tuition	0.174	0.174	0.000	
CSSGE	SEMH Services	Positive Play	0.035	0.042	0.007	
CSSGE	Early Years	Early Years SEN	0.010	0.014	0.004	
CSSGE	Information & ICT	Various	1.250	1.263	0.013	
CSSGE	Education Psychology	Education Psychology	0.597	0.748	0.151	
HC	Public Health	Mental Health course delivery	0.003	0.003	0.000	

Portfolio	Service Area	Trading Area	Budgeted Income Target £m	Projected Actual Income £m	Forecast Excess/ Shortfall(-) compared to Target £m	Performance
HC	Public Health	School Crossing Patrol SLA sites	0.012	0.012	0.000	✔
HC	Central Services to the Public	Registrars	1.394	1.948	0.554	✔
HAT	Highways	Highways Laboratory	0.100	0.018	-0.082	⚑
HAT	Fleet Services	Vehicle Maintenance	1.300	1.700	0.400	✔
IE	Countryside	Shops	0.219	0.329	0.110	✔
IE	Countryside	Cycle Hire	0.019	0.023	0.004	✔
IE	Countryside	Car Parking	0.397	0.468	0.071	✔
SLCTCC	Organisational Development & Policy	Crisis Communications	0.043	0.049	0.006	✔
SLCTCC	Heritage	Derbyshire Environmental Studies Service	0.113	0.005	-0.108	⚑
			14.041	14.972	0.931	✔

Earmarked Reserves

Earmarked Reserves as at 31 December 2022

Adult Care	**£m**
Older People's Housing Strategy	16.103
Prior Year Underspends	3.391
Other reserves	0.019
Total Adult Care	**19.513**
Clean Growth and Regeneration	
Regeneration Kick-Start Feasibility Fund	3.862
Digital Growth	2.340
Vision Derbyshire Economic Development Pilot	0.887
Other reserves	0.550
Total Clean Growth and Regeneration	**7.639**
Corporate Services and Budget	
Revenue Contributions to Capital	37.185
Loan Modification Gains	24.231
Insurance and Risk Management	16.038
Covid Emergency and SFC Losses Grants	13.474
Business Development and Economic Recovery Fund	10.993
Inflation Risks	10.000
Business Rates Risks	5.251
Planned Building Maintenance	5.088
Business Rates Pool	4.395
Cyber Security	4.000
Computer Purchasing	3.270
Prior Year Underspends	2.827
Property Insurance Maintenance Pool	2.508
Investment Losses Contingency	2.500
PFI Reserves	1.622
Demolition of Buildings	1.437
Feasibility Assessment	1.164
Exchequer Traded Services Risks	1.069
Other reserves	4.961
Total Corporate Services and Budget	**152.013**

Childrens Services and Safeguarding and Education	
Tackling Troubled Families	4.248
Education Levelling Up	1.000
Childrens Services IT Systems	0.220
High Needs Strategic Funding	0.190
Other reserves	0.592
Total Childrens Services and Safeguarding and Education	**6.250**
Health and Communities	
Covid Test and Trace Grant	3.225
Grant Funding Prospectus	1.650
Covid Practical Support Grant	1.314
Domestic Abuse	0.584
Proceeds of Crime	0.171
Other reserves	0.642
Total Health and Communities	**7.586**
Highways and Transport	
Prior Year Underspends	10.476
Commuted Highways Maintenance	1.933
Highway Development Control Interface	1.500
Winter Maintenance	1.235
Other reserves	1.561
Total Highways and Transport	**16.705**
Infrastructure and Environment	
Waste Recycling Initiatives	0.598
Elvaston Maintenance	0.271
Other reserves	0.260
Total Infrastructure and Environment	**1.129**

Strategic Leadership, Culture, Tourism and Climate Change	
Climate Change	4.000
Green Entrepreneurs	1.904
Community Managed Libraries	0.912
Policy and Research	0.660
Library Restructure	0.429
Other reserves	0.838
Total Strategic Leadership, Culture, Tourism and Climate Change	**8.743**
Total Portfolio Earmarked Reserves	**219.578**
Schools	
Schools Balances	38.345
Dedicated Schools Grant (DSG)	(0.239)
Total balances held for and on behalf of schools	**38.106**
Public Health Grant	**8.092**

Appendix 14

Public

Budget Savings Monitoring 2022-23

In-Year Savings Monitoring:

		Deliverable in 2022-23				
	Target 2022-23 £m	**Ongoing £m**	**One-Off £m**	**Total Deliverable in 2022-23 £m**	**Deferred to future years for delivery £m**	**Alternative Savings to be delivered £m**
Adult Care	6.811	4.041	2.550	6.591	2.550	0.220
Childrens Services	0.046	0.046	0.000	0.046	0.000	0.000
Clean Growth and Regeneration	0.000	0.000	0.000	0.000	0.000	0.000
Corporate Services and Budget	0.444	0.444	0.000	0.444	0.000	0.000
Health and Communities	0.000	0.000	0.000	0.000	0.000	0.000
Highways Assets and Transport	0.500	0.000	0.000	0.000	0.000	0.500
Infrastructure and Environment	0.100	0.100	0.000	0.100	0.000	0.000
Strategic Leadership, Culture, Tourism and Climate Change	0.156	0.156	0.000	0.156	0.000	0.000
Total	**8.057**	**4.787**	**2.550**	**7.337**	**2.550**	**0.720**

Aggregated In-Year and Previous-Years Savings Monitoring:

	Budget Savings Target			Ongoing Savings Initiatives		Actual Savings Achieved	
Portfolio	**Prior Year not yet achieved Brought Forward** £ Millions	**Current Year** £ Millions	**Total Target** £ Millions	**Total Identified** £ Millions	**Shortfall (-)/ Additional Identified Savings** £ Millions	**Achieved by Financial Year End** £ Millions	**Shortfall (-)/ Additional Achievement of Savings Target** £ Millions
Adult Care	2.570	6.811	**9.381**	9.381	0.000	4.041	-5.340
Clean Growth & Regeneration	0.000	0.000	**0.000**	0.000	0.000	0.000	0.000
Corporate Services & Budget	4.397	0.444	**4.841**	4.857	0.016	2.976	-1.865
Children's Services and Safeguarding and Education	0.678	0.046	**0.724**	0.724	0.000	0.724	0.000
Health & Communities	0.042	0.000	**0.042**	0.000	-0.042	0.000	-0.042
Highway Assets & Transport	3.171	0.500	**3.671**	1.714	-1.957	0.000	-3.671
Infrastructure & Environment	2.981	0.100	**3.081**	1.124	-1.957	0.314	-2.767
Strategic Leadership, Culture, Tourism & Climate Change	0.645	0.156	**0.801**	0.671	-0.130	0.280	-0.521
Cross Portfolio	0.421	0.000	**0.421**	0.421	0.000	0.421	0.000
Portfolio Total	14.905	8.057	**22.962**	18.892	-4.070	8.756	-14.206

Appendix 15

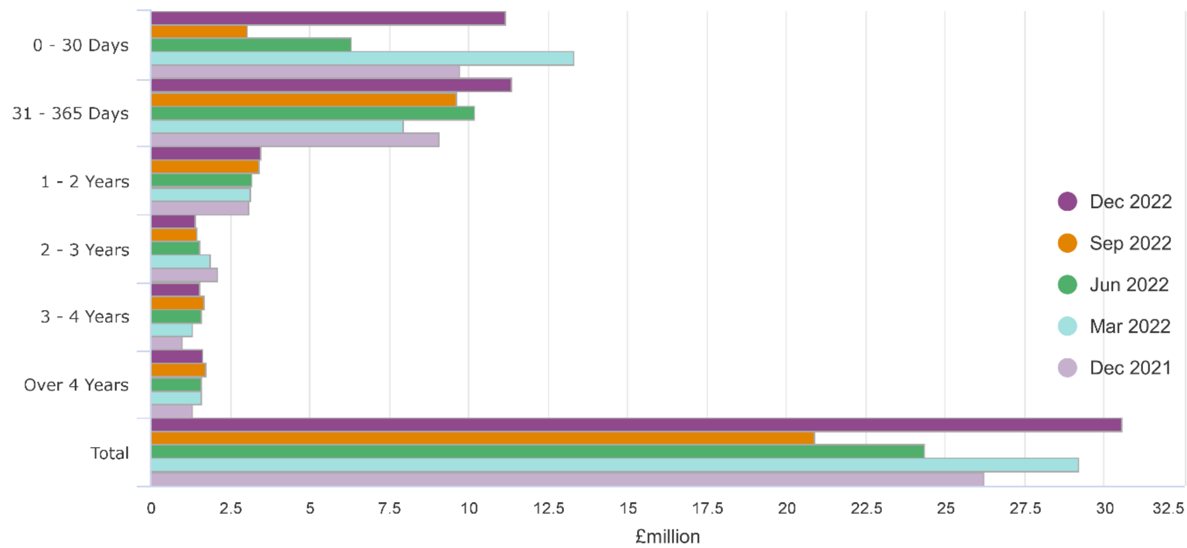
Public

Aged Debt

Age profile of debt, relating to income receivable, at 31 December 2022

	0 - 30 Days £m	31 - 365 Days £m	1 - 2 Years £m	2 - 3 Years £m	3 - 4 Years £m	Over 4 Years £m	Total £m
Adult Social Care and Health	8.016	8.927	2.677	1.151	0.805	1.239	22.815
	35.1%	39.1%	11.7%	5.0%	3.5%	5.4%	100.0%
Children's Services	1.159	0.373	0.060	0.009	0.008	0.002	1.611
	71.9%	23.2%	3.7%	0.6%	0.5%	0.1%	100.0%
Place	0.529	0.943	0.547	0.159	0.726	0.290	3.194
	16.6%	29.5%	17.1%	5.0%	22.7%	9.1%	100.0%
Corporate Services and Transformation	1.448	1.092	0.156	0.075	0.024	0.116	2.911
	49.7%	37.5%	5.4%	2.6%	0.8%	4.0%	100.0%
All Departments	11.152	11.335	3.440	1.394	1.563	1.647	30.531
	36.5%	37.1%	11.3%	4.6%	5.1%	5.4%	100.0%

Aged Debt over Time



The value of debt written off in the 12 months up to 31 December 2022

Department	£m	
Adult Social Care and Health	0.191	↑
Children's Services	0.016	↑
Place	0.011	↑
Corporate Services and Transformation	0.039	↑
All Departments	**0.257**	↑

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 March 2023

Report of the Interim Director of Finance & ICT

Performance and Budget Monitoring/Forecast Outturn Arrangements

1. Purpose

1.1 To provide Members with details of the latest arrangements for performance and budget monitoring/forecast outturn.

2. Information and Analysis

2.1 Details of the Council's budget monitoring protocols and developments have previously been reported to Audit Committee.

2.2 Departments are required to meet monthly with the Director of Finance & ICT and provide details of their latest budget monitoring position. The information is generally presented in a consistent format by all departments, showing the year-to-date position and the projected outturn for the year, together with a brief summary of the major variances.

2.3 Combined performance and budget monitoring/outturn reports to Cabinet Member and Cabinet are an embedded part of the reporting cycle. The process follows the established practice of reporting at portfolio level to Cabinet Members and then collating this information, along with corporate and cross-cutting items, into an overall report to Cabinet. Reports are submitted on a quarterly basis.

2.4 To ensure that the arrangements remain robust, reporting requirements and timescales are set out in the Performance and Budget Monitoring Policy, a copy of which is attached at Appendix Two. The Policy is widely distributed to departmental Finance and Performance Managers.

2.5 The latest Accountancy and Budgetary Control audit undertaken by Audit Services concluded that Budget Monitoring arrangements are embedded and generally operating effectively.

2.6 Following a review of the Policy in March 2023, the following changes have been made:

- The schedule of meeting dates between the departmental Senior Finance Business Partners and the Director of Finance & ICT has been updated.
- The timetable for reporting the monitoring position to Cabinet and Cabinet Member portfolios has been updated.
- The report format now includes the requirement to disclose significant items of one-off expenditure. This is in addition to the need to disclose significant items of one-off income, which was already a requirement.
- The report format now includes the requirement to report the forecast cost of service pressures and compare these with budget allocations. This will enable pressures to be closely scrutinised; there is an expectation that where costs are not as high as estimated, the budget will be clawed back from departments to help the Council support and maintain a balanced budget.
- Minor updates to the report format Sections 5 to 8.
- The Recommendations and Reasons for Recommendations sections, in the report format, have been rationalised.

Covid-19

2.7 It has been necessary during 2020-21 to 2022-23 to adapt the pro-forma reporting format to appropriately capture and present the additional costs and funding associated with the Council's and the Government's response to the Covid-19 pandemic. Similar adjustments are not expected to be required in 2023-24; however, any necessary changes to the format will be agreed by the Director of Finance & ICT.

3. Alternative Options Considered

3.1 N/A – the Council is required to outline its forecast revenue outturn position to ensure compliance with good financial management principles and to support the development of short and medium-term financial planning. The Council's Financial Regulations require the reporting of variances of income and expenditure against budget allocation to be reported to Cabinet in line with the Budget Monitoring Policy. This report sets out the Budget Monitoring Policy.

4. Implications

4.1 Appendix One sets out the relevant implications considered in the preparation of the report.

5. Consultation

5.1 No consultation is required.

6. Background Papers

6.1 None identified.

7. Appendices

7.1 Appendix 1 – Implications

7.2 Appendix 2 - Performance and Budget Monitoring Policy

8. Recommendation

That Audit Committee:

8.1 Notes the details of current performance and budget monitoring arrangements.

9. Reasons for Recommendation

9.1 A forecast outturn report provides a summary of the expected overall financial performance and use of resources against the Council's approved budget for the financial year. The outturn position supports the development of budgets in both the short and medium term. The Council's Financial Regulations require the reporting of variances of income and expenditure against budget allocation to be reported to Cabinet in line with the Budget Monitoring Policy.

9.2 Performance information is important as it enables the Council and the public to see how well the Council is delivering services and where it needs to make improvements.

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Implications

Financial

1.1 The schedule for reporting the budget monitoring/outturn position and the schedule of meeting dates between the Senior Finance Business Partners and the Director of Finance & ICT have been updated. The Performance and Budget Monitoring Policy has been amended with updates to the template portfolio monitoring report format.

Legal

2.1 None.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.

Performance and Budget Monitoring Policy 2023-24

DERBYSHIRE
County Council

March 2023

Performance Monitoring

The Council's priorities are set out within the current Council Plan. This is reviewed on an annual basis and the key actions required to deliver each priority are identified; these are accompanied where appropriate by measures to demonstrate effectiveness and impact.

Progress against actions is the focus of corporate performance reporting with the lead officers required to provide a quarterly commentary and a rating of strong, good, requires review or requires action for each action. These ratings are collated to give an indication of overall progress for each priority for reporting to Cabinet, with detail of each action and associated measure.

The actions relevant to each Portfolio have been identified to enable integration with the existing budget monitoring reports. This is provided in summary, highlighting key success and areas of concern with full detail of each action and measure attached in an appendix.

Objectives and Importance of Budget Monitoring

The Director of Finance & ICT is responsible for providing appropriate financial information to enable budgets to be monitored effectively by budget holders and to report to Cabinet and Council on variances.

It is the responsibility of the Director of Finance & ICT to ensure that each Executive Director is given timely information on each budget heading for which they are responsible, to enable them to fulfil their budgetary responsibilities and manage expenditure/income. Budget Monitoring ensures that relevant managers are made accountable for their elements of the overall budget and resources are used for their intended and agreed purpose.

It is the responsibility of each Executive Director to keep within their overall budget; it is the responsibility of finance staff under the direction of the Director of Finance & ICT to monitor these budgets and to supply this information to departmental senior officers, to assist in the management of their budget.

It is important that variances against budgetary targets are identified and explained. The Council can then identify changes in trends and resource requirements.

Budget monitoring is a means of identifying and managing possible over and underspends and will include a forecast for the year. This will enable corrective action to be taken for any problem areas during the year.

Frequency of Budget Monitoring

This note sets out the procedure for the monitoring process. Monitoring ideally should be done monthly, the first one being at period 3 (June).

At the very least, significant or problem areas within each department must be monitored, with a revised forecast provided, or assurance should be provided that the forecast remains the same as previously reported.

A departmental monitoring statement should be completed after each period end, after “actual to plan” and “plan to plan” have been copied over to the new period. A series of meetings has been arranged, with the Director of Finance & ICT, to briefly discuss the latest budget monitoring position following each period end. A report should be drafted outlining the controllable departmental budget position, together with brief details of the main variances. A copy of the report should be forwarded to the Director of Finance & ICT (copy to Finance Manager - Financial Strategy), prior to the meeting. The following table gives guidance as to when these meetings should take place.

Monitoring Period		**Meetings with Director of Finance & ICT**
P3 (Q1)	Jun 2023	w/c 24 July 2023
P4	Jul 2023	w/c 28 Aug 2023
P5	Aug 2023	w/c 25 Sep 2023
P6 (Q2)	Sep 2023	w/c 23 Oct 2023
P7	Oct 2023	w/c 27 Nov 2023
P8	Nov 2023	w/c 25 Dec 2023
P9 (Q3)	Dec 2023	w/c 22 Jan 2024
P10	Jan 2024	Not required
P11	Feb 2024	Not required
Outturn (Q4)	Mar 2024	TBC

The Executive Director for each department also has a regular ‘One to One’ bi-monthly meeting with the Director of Finance & ICT to discuss variances, with particular reference to proposed budget reductions. If a department’s budget position is giving cause for concern, or there are there are any other concerns, the meetings will be more frequent.

Meetings have not been arranged with the Director of Finance & ICT for periods 10 and 11 as the position is unlikely to have moved significantly from that reported at period 9 (Q3), however, if there has been a significant movement in the forecast position from period 9, a meeting with the Director of Finance & ICT should be arranged. Portfolio monitoring statements are expected to be reported regularly to the appropriate Cabinet Member after consultation with the relevant budget holders at periods 3 (Q1), 6 (Q2) and 9 (Q3).

Monitoring should be based on controllable budgets using the controllable cost element hierarchy (ZRCON). It should be agreed and balanced to the controllable budget on the ledger (plan version 'C').

A full summarised Council revenue monitoring report will be submitted to Cabinet. This will occur 3 times a year and will normally report at periods 3 (Q1), 6 (Q2) and 9 (Q3).in addition to the year-end outturn (Q4). The timetable for this is as follows:

Monitoring Period	**Complete By**	**Report to Cabinet Member**	**Summarised Report to Cabinet**
3 (Q1) - June 2023	End July 2023	Within August 2023	21 September 2023
6 (Q2) - September 2023	End October 2023	Within November 2023	7 December 2023
9 (Q3) - December 2023	End January 2024	Within February 2024	14 March 2024
12 + Special Periods (Q4) Outturn	End May 2024	Within June 2024	Within July 2024

A more detailed timetable is provided at Appendix A.

Including the formal monitoring process outlined above, as a minimum, the following should be undertaken:

Periods 3,6,9	• Detailed monitoring including a statement of over/underspend • A reconciliation of budget to plan version 'C' • Controllable totals agreed to ledger

	• All budget virements included to agree plan version 'C' with Council budget • All significant variances identified and explained • Significant use of earmarked reserves to support general spending must be clearly identified • Significant items of one-off income and expenditure identified • Costs compared to budget allocations for service pressures • Report to Cabinet Member, including a statement on the current debt position
Periods 4,5,7,8,10,11	• Summary of monitoring e.g. problem areas • Statement of assurance that there is no deviation from the previously reported forecast
Period 12	• Outturn report based on Period 14, including a statement on the current debt position

Format of Reports

All reports to the Cabinet Member will be in a standard format set out in Appendix B. However, the layout may be adapted to accommodate exceptional items of income and expenditure or to make improvements to presentation or transparency. Any changes to the format will be agreed by the Director of Finance & ICT.

Budget Savings

The Council is required by the Local Government Finance Act, 1992, to set a balanced budget. In the circumstance where funding is forecast to be insufficient to meet current levels of expenditure with the addition of cost pressures, savings will be required in order that expenditure does not exceed income.

When the annual revenue budget is set, this results in the establishment of a savings target for the Council as a whole. This target is allocated as a budget reduction between the Council's departments and subsequently between Cabinet Member portfolios.

Savings initiatives are planned programmes, activities and services reductions designed to reduce net expenditure over an implementation period. The expected value of these reductions and the profile should have been identified for every savings initiative.

The value of savings forecast to be delivered within the year should be reported in the monitoring reports and the savings actually delivered should be measured and reported within outturn reports. Savings are not made by merely allocating a reduction in budget to a service. For this purpose, the value of savings achieved is defined to be the actual reduction in net expenditure in the current financial year, compared to the previous financial year, resulting from a planned programme of actions taken in respect of the service(s) affected by the initiative. If a saving has been achieved based on this definition, but a service still overspends in another area, then it is possible to both achieve a saving and overspend overall on a service. This measurement should be adjusted for the effect of one-off items of funding and/or ongoing allocations of budget for cost pressures.

The complete delivery of a saving initiative may span more than one year. An initiative which was planned to start in a previous year but had not been fully delivered at the start of the current year must continue to be reported; the achievement of these initiatives should be measured against the total budget reduction forecast for that initiative, less the value of savings achieved in previous years.

Where the value of savings achieved is less than the portfolio's savings target, this will result in a shortfall in the savings achieved. This shortfall will be rolled forwards and added to the savings targets allocated to that portfolio in future years. Any shortfalls rolled forwards from previous years must be clearly identified and reported. These shortfalls will comprise of both a portfolio's savings targets which had not been allocated to a service and that portion of a savings target which had been allocated to a service, but had not yet been achieved, at the start of the year.

A shortfall in the savings achieved, compared to the total savings target, reported within the outturn report for a portfolio will be the value of budget reductions brought forward from previous years which is reported the following year in that portfolio's monitoring report.

Debt Position

The current debt position will be disclosed within the monitoring report. As information on debts owed to the Council is collected on a departmental rather than portfolio basis, the whole department's debt position will be reported to the most significant portfolio, in terms of income, which that department reports to. These will be as follows:

- Adult Care's debt position will be reported to the Adult Care portfolio.
- Children's Services' debt position will be reported to the Children's Services and Safeguarding and Education portfolios.

- Place's debt position will be reported to the Highways Assets and Transport portfolio.
- Corporate Services and Transformation's debt position will be reported to the Corporate Services and Budget portfolio.

It is expected that Exchequer Services will provide this data to the accountancy teams for inclusion in their monitoring reports, upon request. This will ensure consistency in the production of this information.

Traded Services

The financial performance of trading areas, where the Council receives income in return for providing discretionary services to external organisations and/or individuals, will be disclosed within the monitoring reports. A trading area may be deemed to be either 'fully traded' or 'partially traded'. 'Fully traded' trading areas are separately identifiable and have a net controllable budget of £0, i.e. there is an expectation that on average all the controllable expenditure within this area will be funded from external income. 'Partially traded' trading areas do not have a net controllable budget of £0, but they do receive income from external entities which contributes to funding some of the discretionary services they provide. The financial performance of each of these areas shall be measured as follows:

- For 'fully traded' areas this shall be the contribution of the trading area to the Council's general overheads, where contribution is equal to the gross controllable expenditure after controllable recharges less controllable income.
- For 'partially traded' areas this shall be the difference between the budgeted income target and the actual income recognised.

APPENDIX A

Detailed Timetable of Performance and Budget Monitoring Arrangements

Reporting Period	Performance measure and Deliverable Progress data updated by Departments	Performance report to CMT (Policy)	Final Finance Portfolio Reports to Financial Strategy (Departments)	Draft Finance Overall Report to Director of Finance & ICT (Financial Strategy)	Finance & Performance Combined Portfolio Reports to Cabinet Member (Departments / Policy)	Combined Overall Report to Cabinet/CMT (Policy / Financial Strategy)	Combined Overall Report to Cabinet (Policy / Financial Strategy)
Q1 Apr- Jun	20-Jul-23	25-Jul-23	04-Aug-23	24-Aug-23	Aug-23	06-Sep-23	21-Sep-23
Q2 Jul-Sep	19-Oct-23	24-Oct-23	20-Oct-23	09-Nov-23	Nov-23	22-Nov-23	07-Dec-23
Q3 Oct-Dec	25-Jan-24	30-Jan-24	26-Jan-24	15-Feb-24	Feb-24	28-Feb-24	14-Mar-24
Q4 Jan-Mar (outturn)	09-May-24	21-May-24	24-May-24	13-Jun-24	Jun-24	26-Jun-24	Jul-24

Public

APPENDIX B

Agenda Item xx

DERBYSHIRE COUNTY COUNCIL

CABINET MEMBER FOR <PORTFOLIO>

<Date>

Joint Report of the Executive Director of <Department>
and the Director of Finance & ICT

Performance and Budget Monitoring/Forecast Outturn 20Y1-Y2 as at Quarter X
(<PORTFOLIO>)

1 Divisions Affected

1.1 County-wide

2 Key Decision

2.1 This is not a key decision.

3 Purpose of the Report

3.1 To provide the Cabinet Member with an update of Council Plan performance position and the revenue budget position of the <name> portfolio for 20Y1-Y2 up to the end of Month 20Y1 (Quarter X).

4 Information and Analysis

Integrated Reporting

4.1 This report presents both financial and Council Plan performance data. The performance summary sets out progress on the Council Plan deliverables and measures led by the <name> portfolio. The remainder of the report gives a summary and detail on the revenue budget position for the portfolio.

4.2 As an overview, the report shows that progress is "good" or "strong" for the majority of the Council Plan deliverables led by the portfolio, however the deliverables "A" and "B" have been flagged as "requiring review".

4.3 The budget forecast position for 20Y1-Y2 is an over/underspend of £X.XXXm.It is forecast that £X.XXXm of savings will have been achieved by the year end. This compares to target savings of £X.XXXm and the value of savings initiatives, which have been identified for implementation in the current year, of £X.XXXm.

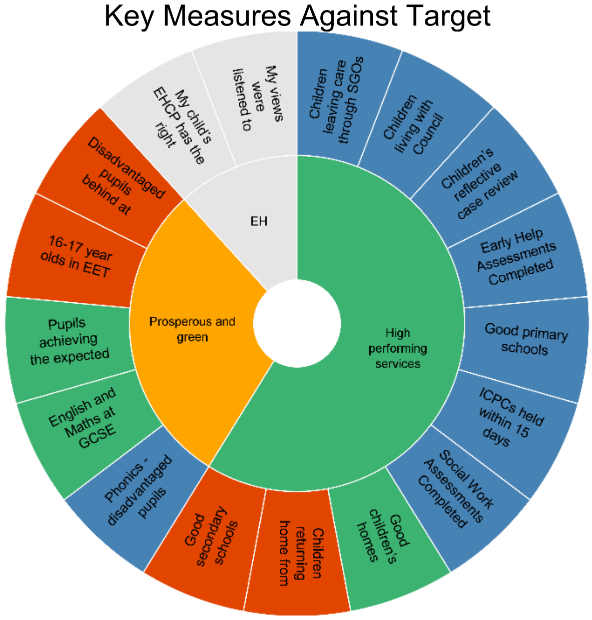
Performance Summary

4.4 The following shows an overview for Quarter X of progress on the Council Plan deliverables and key measures relating directly to <name> portfolio.

Example Graphics

Deliverable Progress

Key Measures Against Target



Key Strong Good Review Action Data not available/Target not set

4.5 The progress of the relevant Council Plan deliverables led by the portfolio has been reviewed and X have been rated as "good" and Y as “review”.

4.6 Key areas of success are:

- Area and reason for success 1
- Area and reason for success 2

4.7 Key areas for consideration are:

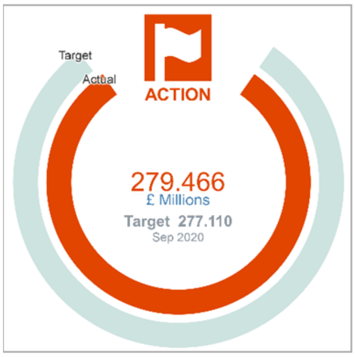
- Area and reason for consideration 1
- Area and reason for consideration 2

4.8 Further information on the portfolio's Council Plan performance is included at Appendix Two.

Budget Forecast Summary

4.9 The net controllable budget for the <Name> portfolio is £X.XXXm.

Example Graphic
Forecast outturn against target budget



4.10 The Revenue Budget Monitoring Statement prepared at period X indicates that there is a forecast year-end overspend of £X.XXXm.

4.11 This overspend will be supported by the use of £X.XXXm of earmarked reserves. After the use of these reserves the forecast position is an overspend of £X.XXXm.

4.12 In addition to any use of earmarked reserves, the forecast outturn position includes the following significant items of one-off income:
- £X.XXXm – One-Off Income Item 1 Description
- £X.XXXm – One-Off Income Item 2 Description

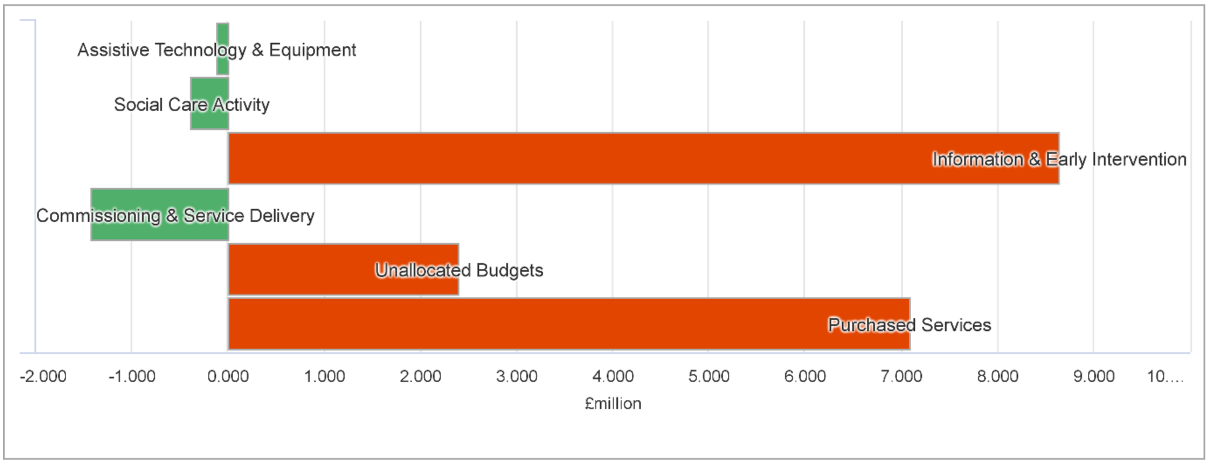
4.13 The forecast outturn position includes the following significant items of one-off expenditure:
- £X.XXXm – One-Off Expenditure Item 1 Description
- £X.XXXm – One-Off Expenditure Item 2 Description

4.14 The significant areas which make up this forecast are shown in the table and graph below:

<Portfolio Name> Budget Items
Forecast Under/Overspend

	Controllable Budget	Full Year Forecast	Forecast Under(-)/ Over Spend	Percentage Under(-)/ Over Spend	Budget Performance
	£m	£m	£m	%	
Item 1 Description	X.XXX	X.XXX	X.XXX	X.X%	
Item 2 Description	X.XXX	X.XXX	X.XXX	X.X%	
Other minor balances	X.XXX	X.XXX	X.XXX	X.X%	
Total	**X.XXX**	**X.XXX**	**X.XXX**	X.X%	
Use of Reserve 1 Description	(X.XXX)	0.000	(X.XXX)		
Use of Reserve 2 Description	(X.XXX)	0.000	(X.XXX)		
Total After Use of Reserves	**X.XXX**	**X.XXX**	**X.XXX**	X.X%	

Example Graphic



Key Variances

4.15 Item 1 Description, £X.XXXm over/underspend
<Explanation of reason for item 1 variance>

4.16 Item 2 Description, £X.XXXm over/underspend

<Explanation of reason for item 2 variance>

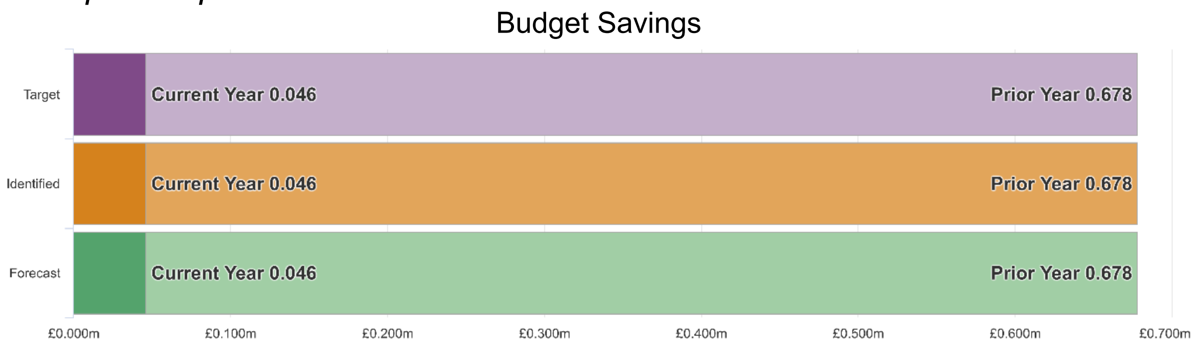
Budget Savings

4.17 Budget reduction targets totalling £X.XXXm were allocated for the year. Further reductions allocated in prior years, totalling £X.XXXm, had not been achieved and were brought forward to the current year. This has resulted in total reductions target to be achieved of £X.XXXm at the start of the year.

4.18 The value of the savings initiatives which have been identified for implementation in the current year is £X.XXXm. In addition, there are £X.XXXm of savings initiatives identified in previous years which had not been achieved at the start of the year, but that are still expected to be achieved within the year.

4.19 The shortfall between the total reductions target to be achieved and the identified savings initiatives is £X.XXXm.

Example Graphic



4.20 It is forecast that £X.XXXm of the in-year savings and £X.XXXm of prior year savings will have been achieved by the year-end. In addition, it is forecast that £X.XXXm of one-off savings will be achieved in the year. The table below shows performance against the target.

Identified Savings Initiatives	Budget Reduction Amount £m	Forecast to be Achieved by the end of 20Y1-Y2 £m	(Shortfall)/ Additional Savings Achieved £m	Performance
Initiative 1 Description	X.XXX	X.XXX	X.XXX	
Initiative 2 Description	X.XXX	X.XXX	X.XXX	
Total of Identified Savings Initiatives	**X.XXX**	**X.XXX**	**X.XXX**	
Shortfall/(Surplus) of Identified Savings	X.XXX/ (X.XXX)	0.000	X.XXX/ (X.XXX)	
Total Savings Target	**X.XXX**	**X.XXX**	**X.XXX**	

Budget Reduction Amount	**£m**
Prior Year B/f	X.XXX
Current Year	X.XXX
Total Savings Target	**X.XXX**

Growth Items and One-Off Funding

4.21 The portfolio received the following additional budget allocations in 20Y1-Y2:

4.22 Item 1 Description - £X.XXXm ongoing, plus £X.XXXm one-off

<Explanation of the purpose for which the additional budget for Item 1 has been given>

4.23 Item 2 Description - £X.XXXm ongoing, plus £X.XXXm one-off

<Explanation of the purpose for which the additional budget for Item 2 has been given>

4.24 The forecast costs, compared to the budget allocated to the portfolio, for service pressures are:

Service Pressure	Ongoing			One-Off		
	Budget Allocated	Forecast Costs for the Year	Forecast Residual Budget	Budget Allocated	Forecast Costs for the Year	Forecast Residual Budget
	£m	£m	£m	£m	£m	£m
Item 1 Description	A	B	= max (A-B, 0)	C	D	= max (C-D, 0)
Item 2 Description	X.XXX	X.XXX	X.XXX	X.XXX	X.XXX	X.XXX
Total	**X.XXX**	**X.XXX**	**X.XXX**	**X.XXX**	**X.XXX**	**X.XXX**

4.25 Where a budget allocation for a service pressure exceeds the cost, the budget will be clawed back to the Risk Management budget to help the Council support and maintain a balanced budget. The residual budget available to be returned from the portfolio to the Risk Management budget is forecast to be £X.XXXm ongoing and £X.XXXm one-off in 20Y1-Y2.

4.26 £X.XXXm ongoing and £X.XXXm one-off budget has actually been returned to the Risk Management budget in the year to date.

Financial Risks

4.27 There is a risk that the following issues could negatively impact on the portfolio's forecast outturn position reported in the Forecast Summary above:

Service	**Risk**	**Sensitivity*** **£m**	**Likelihood** **1 = Low, 5 = High**
Service 1 Description	Explanation of what the risk is	X.XXX	X
Service 2 Description	Explanation of what the risk is	X.XXX	X
Service 3 Description	Explanation of what the risk is	X.XXX	X

*Sensitivity represents the potential negative impact on the outturn position should the event occur.

Earmarked Reserves

4.28 Earmarked reserves totalling £X.XXXm are currently held to support future expenditure. Details of these reserves are as follows:

Example Graphic

Reserves

		£m
Older People's Housing Strategy	=	30.000
Healthy Homes	=	0.046
Total Reserves	=	**30.046**

Key

↑ Reserve has increased over the quarter

= Reserve is unchanged over the quarter

↓ Reserved has decreased over the quarter

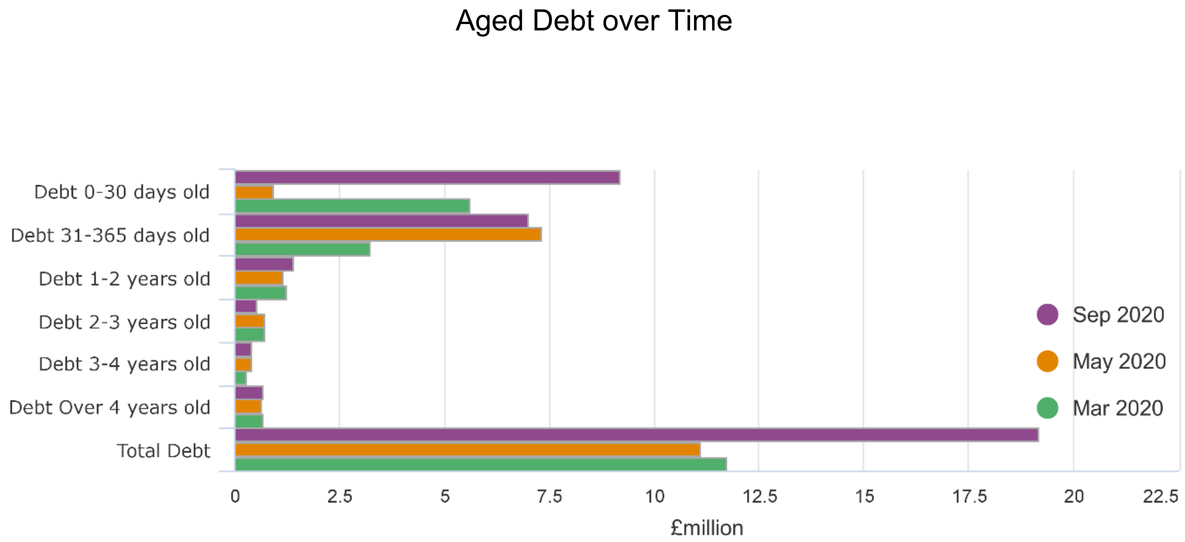
Debt Position

4.29 The profile of the debt raised, relating to income receivable by services within the <name> department, is as follows:

Example Graphics

Debt Position

0-30 days £m	31-365 days £m	1-2 years £m	2-3 years £m	3-4 years £m	Over 4 years £m	Total £m
9.175	6.994	1.403	0.534	0.385	0.685	19.176
↑	↓	↑	↓	↓	↑	↑
47.8%	36.5%	7.3%	2.8%	2.0%	3.6%	100.0%



4.30 In the year up to the end of <Date> the value of debt that has been written off totals £X.XXXm.

Traded Services

4.31 A trading area is where the Council receives income in return for providing discretionary services to external organisations and/or individuals.

Fully Traded Areas

4.32 'Fully traded' trading areas are separately identifiable and have a net controllable budget of £0, i.e. there is an expectation that on average all the controllable expenditure within this area will be funded from external income. The financial performance of these areas is as follows:

		A	B	B - A		
Service Area	**Trading Area**	**Projected Gross Controllable Expenditure* £m**	**Projected Gross Controllable Income £m**	**Forecast Contribution/ Deficit(-) to General Overheads £m**	**Performance**	**Is Contribution/ Deficit transferred to Earmarked Reserves?**
Service Area 1	Trading Area 1	X.XXX	X.XXX	X.XXX		Yes/No
Service Area 1	Trading Area 2	X.XXX	X.XXX	X.XXX		Yes/No
Service Area2	Trading Area 3	X.XXX	X.XXX	X.XXX		Yes/No

*This is the expenditure remaining after any costs have been recharged to other service areas internal to the Council.

Partially Traded Areas

4.33 'Partially traded' trading areas do not have a net controllable budget of £0, but they do receive income from external entities which contributes to funding some of the discretionary services they provide. The financial performance of these areas is as follows:

		A	B	B - A	
Service Area	**Trading Area**	**Budgeted Income Target £m**	**Projected Actual Income £m**	**Forecast Excess/ Shortfall(-) compared to Target £m**	**Performance**
Service Area 1	Trading Area 1	X.XXX	X.XXX	X.XXX	
Service Area 1	Trading Area 2	X.XXX	X.XXX	X.XXX	
Service Area2	Trading Area 3	X.XXX	X.XXX	X.XXX	

5 Consultation

5.1 No consultation in required.

6 Alternative Options Considered

6.1 N/A – the Council is required to outline its forecast revenue outturn position to ensure compliance with good financial management principles and to support the development of short and medium-term financial planning. Not producing a budget monitoring report would be contra to the Council's Financial Regulations which requires the reporting of variances of income and expenditure against budget allocation to be reported to Cabinet Members in line with the Budget Monitoring Policy.

7 Implications

7.1 Appendix One sets out the relevant implications considered in the preparation of the report.

8 Background Papers

8.1 None Identified.

9 Appendices

9.1 Appendix 1 – Implications

9.2 Appendix 2 – Performance Report Quarter X, 20Y1-Y2

10 Recommendation(s)

10.1 That the Cabinet Member notes and agrees the performance and budget position/forecast outturn for 2022-23 as at Quarter X.

10 Reasons for Recommendation(s)

10.1 The forecast outturn report provides a summary of the expected overall financial performance and use of resources against the Portfolio's approved budget for the financial year 20Y1-Y2. The outturn position supports the development of budgets in both the short and medium term.

11 Is it necessary to waive the call-in period?

11.1 No

Report Authors:	**Contact details:**
<Name 1>	<contact details 1>
<Name 2>	<contact details 2>

Appendix 1

Implications

Financial

1.1 As outlined in the body of the report.

Legal

2.1 None.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.

Appendix 2

Example Performance Report and Graphics

<Portfolio Name> Quarter X Performance Report 20Y1/20Y2

Progress on Council Plan deliverables and key measures

Empowered and self-sufficient communities

Co-designed the Council's offer to people with learning disabilities, focusing on their strengths to help them achieve their personal goals utilising the community networks built during the pandemic

During quarter 2 there has been a continued focus on the Better LIves programme of work. All people with learning disability and / or Autism who have used building-based services and their carers / families have been written to and communication is ongoing to co-produce a new offer. This includes both those who attend directly provided day centres and those who attend day services in the private, voluntary and independent sector, a total number of 742 people. The new offer will focus on different ways of working to enable people with a learning disability to achieve personal goals, learn new skills, gain employment or volunteering opportunities and be more involved in their local communities. A central team of practitioners has now been established to work directly with people and their families / carers to co-produce the new offer. The team are currently actively working with 80 people. Recognising the need to have a range of services available plans are in place to re-open 3 building based offers within DCC and create the community offer. Progress is being made to support people with a learning disability to move from a short-term residential placement to a supported living long term home within local communities. 4 people have moved in this quarter.

A focus on prevention and early intervention

Better supported people to live at home longer and feel part of their local communities using the thriving communities approach

The Better Lives programme work has continued in quarter 2 with a particular focus on supporting timely discharges from hospital which ensure older people are supported to return home and the creation of an enhanced reablement offer. The prototype of this new offer has been trialled with successful results and will be rolled out across the County during quarter 3.

The performance for those remaining within their own homes for 91 days following discharge from hospital has remained stable. Data since April has been available on a monthly basis with the latest figure for July of 73.5% .

The admissions figures shown for the first quarter of 2020/21 are lower than previous years. It is anticipated that these figures will increase slightly, but will remain less than previous years. It is not currently possible to state with absolute certainty why this figure is lower, but highly likely that this is due to the impact of Covid-19. The first quarter of the current financial year saw the peak of Covid-19 and the ensuing significant restrictions placed on care homes. The impact that Covid-19 had on hospital throughput likely effected the number of long term placements into care homes, as hospital discharges are a key source of care home admissions.

17.8

Admissions to residential and nursing homes (18-64)

30 JUN 20

674.6

Admissions to residential and nursing homes (65+)

30 JUN 20

75.0%

People still at home 91 days after discharge

31 JUL 20

Reviewed the Council's care and support offer for children with special educational needs and disabilities and adults to improve efficiency, value for money and customer outcomes

The achieving great futures (AGF) workstream has been impacted by Covid-19. Delays to the workstream have been mitigated in the overall delivery plan. Learning from AGF has been used in the Children's Diagnostic and there are opportunities for greater impact working across the whole life pathway. In addition there is a Special Educational Needs and Disabilities (SEND) action plan which is currently being led by the Local Area SEND Board.

Rating set at 'Review' as there is still a risk to the timetable which is dependent on timing of the restart of this programme.

94.1%

Care & support services help improve quality of life

31 MAR 19

In the previous two years over 94% of clients responding to our Adult Care survey have agreed that care and support services help improve their quality of life. Results of the survey in 2019/20 will be published later in 2020.

Continued the implementation of the Older People's Housing, Accommodation and Support Strategy

Collaboratively working alongside partners regarding opportunities for housing for older people, and the development of Local Plans and other strategic documents to ensure that housing for an ageing population is reflected as a key issue. We have reviewed the programme of activity in light of the impact of Covid-19 .

Commissioned a new approach to provide innovative technological solutions to support people with social care needs to maintain their independence and reduce our carbon footprint

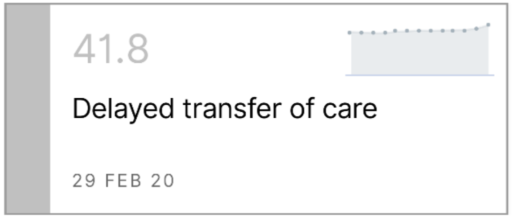
Proposals on the next steps for Assistive technology have been reviewed in line with the Council's wider transformation and the future model for AT is being developed using models from other Councils and learning from diagnostic report. The Brain in Hand pilot has been reviewed and we are currently working with the provider to commence the 12 months pilot in October 2020 Brain in hand is a digital support system designed to help people to navigate day-to-day difficulties and to problem solve; support can also be accessed at any time from the individual's mobile. The Remote Assessments for Equipment and Adaptations pilot project continues to be rolled out; will implement digital solutions to reduce the number of visits for Occupational Therapist's and other professionals and to prescribe more adaptations and equipment through Call Derbyshire to improve the speed with which referrals are dealt with and to release capacity for more complex situations.

High performing council services

Maintained the Council's high performance in reducing delayed transfers of care from hospital

During the Covid-19 pandemic a new national approach to discharge from hospital was introduced across the country. The Council in partnership with Health has successfully implemented the new national guidelines. This has been further enhanced by the Better Lives workstream. This has resulted in people being able to leave hospitals earlier with higher numbers of people returning back to their own homes with community support. Work has continued in quarter 2. We remain focused on supporting timely discharges from hospital through the Better Lives programme and the creation of an enhanced reablement offer has delivered successful results which will be rolled out across the County during quarter 3.

National publication of data has been suspended since February due to the impact of Covid-19.



Ensured all Council run adult care homes have Quality of Care graded as ‘Good’ or ‘Outstanding’ by the Care Quality Commission

The Council has 27 residential care homes, of these 23 are homes for older people and 4 specialising in learning difficulties. Current performance shows that 85% of those homes are rated as good for quality of care.

Currently on site Care Quality Commission inspections have ceased due to Covid-19 but the services are still being monitored at arm's length by the regulator through their Emergency Support Framework and the in house Quality and Compliance Team auditing processes. Feedback via the Quality Improvement Board which is responsible for the oversight of all the quality assurance and improvement work within directly provided regulated services is positive and provides assurance that quality improvement continues to be addressed as a priority

78.6%

Adult care homes ‘Good’ / ‘Outstanding’

31 MAR 20

Key Strong Good Review Action Data not available/Target not set

Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 March 2023

Report of the Interim Director of Finance & ICT

Tax Strategy

1. Purpose

1.1 To advise Audit Committee of the latest review and update of the Council's Tax Strategy.

2. Information and Analysis

2.1 The Tax Strategy sets out the overall framework for the Council's management of its tax affairs, including tax compliance, policies and procedures, tax risk, tax planning and relationship with the tax authorities.

2.2 The Finance Act 2016 Schedule 19 sets out what should be included in a Tax Strategy. Whilst not required to publish a Tax Strategy by this legislation, the Council chooses to do so and to follow its principles, as it wishes to demonstrate transparency in its commitment to managing its tax affairs, taking into consideration its public purpose and balancing the interests of its stakeholders.

2.3 The key components of the Tax Strategy are:

- The Council's approach to risk management and governance arrangements in relation to taxation.
- The Council's attitude towards tax planning.
- The level of risk in relation to taxation that the Council is prepared to accept.
- The Council's approach towards its dealings with Her Majesty's Revenue and Customs (HMRC).

2.4 In line with the Council's governance framework and consistent with its wider values, the Council is committed to being fully compliant with all tax laws, rules and regulations. It will conduct its tax affairs in an open, honest and timely fashion.

2.5 The Council will not seek to gain a tax advantage through tax avoidance but will seek to manage its tax affairs in an efficient manner, whilst following both the letter and the spirit of the law.

2.6 In order to achieve this, the Council undertakes to:

- Take all reasonable steps to ensure that it is fully compliant with tax legislation and pays the right amount of tax at the right time.
- Maintain an open, honest, and collaborative relationship with the tax authorities.
- Respond to all queries and enquiries in a timely fashion.
- Where the correct tax treatment is ambiguous and where it is appropriate to do so, take the appropriate external advice and act in accordance with that advice, making disclosures to the tax authorities as appropriate.
- In cases of dispute, act transparently and fairly, aiming to resolve the dispute in a manner that preserves good working relationships.

2.7 The Council's overall management of tax risk and supporting governance framework is the responsibility of the Council's Director of Finance & ICT.

2.8 The Audit Committee independently contributes to the Council's process of ensuring internal control systems are maintained and approves the Annual Governance Statement.

2.9 It is, therefore, prudent and responsible practice for the Council to put in place and to keep up to date a Tax Strategy and for the Council's Tax Strategy to be reviewed and reported to Audit Committee on an annual basis.

2.10 Audit Committee was last advised of a review and update of the Council's Tax Strategy at its meeting on 22 March 2022. In the last review it was determined that the Tax Strategy remained up to date and that no further changes were required.

2.11 Following a review of the Tax Strategy in January 2023, changes have been made as follows:

- Background section updated - update to the organisations in which the Council is involved to include reference to the East Midlands devolution deal and clarification that the Derbyshire Pension Fund is part of the Council's VAT registration group.
- Relationship with tax authorities updated - update on the HMRC full VAT review that is currently underway but has yet to be concluded.

2.12 The Tax Strategy is attached in Appendix Two to this report.

3. Consultation

3.1 No consultation is required.

4. Alternative Options Considered

4.1 Not Applicable – it is prudent and responsible practice for the Council to put in place and to keep up to date a Tax Strategy and for the Council's Tax Strategy to be reviewed and reported to Audit Committee on an annual basis.

5. Implications

5.1 Appendix One sets out the relevant implications considered in the preparation of the report.

6. Background Papers

6.1 No background papers held.

7. Appendices

7.1 Appendix One – Implications.

7.2 Appendix Two - Tax Strategy.

8. Recommendation

That Audit Committee:

8.1 Notes that a review and update of the Tax Strategy has taken place.

9. Reasons for Recommendations

9.1 It is prudent and responsible practice for the Council to put in place and to keep up to date a Tax Strategy and for the Council's Tax Strategy to be reviewed and reported to Audit Committee on an annual basis.

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Implications

Financial

1.1 The Council undertakes to take all reasonable steps to ensure that it is fully compliant with tax legislation and pays the right amount of tax at the right time.

Legal

2.1 The Finance Act 2016 Schedule 19 sets out what should be included in a Tax Strategy. Whilst not required to publish a Tax Strategy by this legislation, the Council chooses to do so and to follow its principles, as it wishes to demonstrate transparency in its commitment to managing its tax affairs, taking into consideration its public purpose and balancing the interests of its stakeholders.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 The Council is committed to ensuring good financial management and compliance with applicable laws and regulations.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.

Tax Strategy

DERBYSHIRE
County Council

Paul Stone MBA FCPFA
Interim Director of Finance & ICT

Approval and Authentication

Version History			
Version	**Date**	**Detail**	**Author**
1.0	27 05 2020	Council's first Tax Strategy noted and approved by Members of Audit Committee on 27 May 2020.	E Scriven
2.0	01 03 2021	Tax Strategy Review. Background section updated: • Update to companies in which the Council is involved. • Clarification that D2N2 LEP cannot become VAT registered as it makes no taxable supplies	E Scriven
3.0	01.03.2022	Tax Strategy Review. No updates required.	E Scriven
4.0	31.01.2023	Tax Strategy Review. Background section updated: • Update to organisations in which the Council is involved. Relationship with tax authorities updated: • Update on HMRC full VAT review currently underway.	E Scriven Approved by P Stone Feb 2023

Introduction

The Tax Strategy of Derbyshire County Council sets out the overall framework for the Council's management of its tax affairs, including compliance, policies and procedures, tax risk, tax planning and relationship with the tax authorities.

Whilst not required to publish its Tax Strategy, the Council chooses to do so, as it wishes to demonstrate transparency in its commitment to managing its tax affairs, taking into consideration its public purpose and balancing the interests of its stakeholders.

The Tax Strategy is, by design, a brief document, presented as a series of linked elements. It will be reviewed and reported to Audit Committee on an annual basis.

Background

The Council is a Local Government body. It is exempt from Corporation Tax and is a Section 33 Body under the VAT Act 1994, which entitles it to recover VAT attributable to non-business activities and to exempt business activities, providing this is an insignificant proportion of the total tax incurred.

The Council is the administering authority of the Derbyshire Pension Fund ("the Fund"), which is governed by Local Government Pension Scheme Regulations and associated pension legislation. The Fund is also a Section 33 Body and is exempt from Corporation Tax. The Fund is included within the Council's VAT registration group.

Vertas (Derbyshire) Limited (VDL) and Concertus (Derbyshire) Limited (CDL) are private limited companies in which the Council has a 49% stake. VDL and CDL are run as Joint Venture companies with the other shareholders being part of Suffolk Group Holdings Limited, whose ultimate parent undertaking and controlling party is Suffolk County Council. The Council has Board representation at VDL and CDL. Vertas Group Limited (Vertas) and Concertus Design and Property Consultants Limited (Concertus), subsidiary undertakings of Suffolk Group Holdings Limited, have day to day financial control of VDL and CDL, respectively. Financial Governance is maintained via the production of monthly Management Accounts information, which is supplied to Board members and to Finance Officers of the Council. VDL and CDL are assessable to Corporation Tax and VAT in accordance with current legislation. All taxation related matters of VDL and CDL, including Corporation Tax, VAT and Income Tax are managed by Vertas and Concertus.

PSP (Derbyshire) LLP (PSPD) is a limited liability partnership (LLP) formed between the Council and PSP Facilitating Limited (PSPF), under the provisions of the Limited Liability Partnership Act 2000. PSPD will help the Council unlock value from its land and property portfolios; facilitate the promotion, development, asset management rationalisation and economic regeneration, on a project by project basis, of Council land; and utilise private sector funding, resources and skills; resourced through the operation of the partnership. As PSPD is an LLP, rather than a company, the parties to the Joint Venture are called Partners and their representatives are called 'Corporate Representatives', rather than Directors. Each Partner has up to six Corporate Representatives. However, each Partner has only one vote, and therefore PSPD decision making, ownership and profit share are 50/50. Financial Governance is maintained via a Members Agreement and a Procedure Agreement. All financial activities of PSPD are conducted by PSPF, including statutory compliance, audit, bank account management, VAT and other taxation matters, and all liaison with HMRC and other Government bodies.

D2N2 Local Enterprise Partnership (D2N2 LEP) is a private limited company, managed by a Board made up of Derby, Derbyshire, Nottingham and Nottinghamshire councils and private sector representatives. The Council is the Single Accountable Body for the D2N2 LEP. The D2N2 LEP is assessable to Corporation Tax and VAT in accordance with current legislation. As the D2N2 LEP does not make taxable supplies it cannot become VAT registered.

The East Midlands devolution deal, which covers Derbyshire, Nottinghamshire, Derby and Nottingham, was announced in August 2022. No legal entity will exist until May 2024, although a shadow combined authority will be formed in the 2023-24 financial year. The Council is currently the accountable body for related grant funding from the Department for Levelling Up, Housing and Communities (DLUHC). This grant funding is outside the scope of VAT. Other costs are split amongst the four upper tier authorities participating in the devolution deal. The Council accounts for its share of this expenditure in its VAT returns.

Governance

The Council's governance framework comprises the systems, processes and values by which the Council is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

Specific controls and procedures are in place at an operational level, to ensure compliance with relevant tax legislation and to mitigate tax risk.

The Council's overall management of tax risk and supporting governance framework is the responsibility of the Council's Director of Finance & ICT.

The Audit Committee independently contributes to the Council's process of ensuring internal control systems are maintained and approves the Annual Governance Statement.

Overriding Principals

In line with the Council's governance framework and consistent with its wider values, the Council is committed to being fully compliant with all tax laws, rules and regulations. It will conduct its tax affairs in an open, honest and timely fashion.

The Council will not seek to gain a tax advantage through tax avoidance but will seek to manage its tax affairs in an efficient manner, whilst following both the letter and the spirit of the law.

In order to achieve this, the Council undertakes to:

- Take all reasonable steps to ensure that it is fully compliant with tax legislation and pays the right amount of tax at the right time.
- Maintain an open, honest, and collaborative relationship with the tax authorities.
- Respond to all queries and enquiries in a timely fashion.
- Where the correct tax treatment is ambiguous and where it is appropriate to do so, take the appropriate external advice and act in accordance with that advice, making disclosures to the tax authorities as appropriate.
- In cases of dispute, act transparently and fairly, aiming to resolve the dispute in a manner that preserves good working relationships.

Management of Tax Risk

Tax risk falls into three broad categories:

- **Compliance Risk**
  Procedures or processes are deficient in ensuring that the right amount of tax is paid at the right time.

- **Transactional Risk**
  Transactions are entered into without fully considering and evaluating the immediate or wider tax implications.

Reputational Risk
The wider damage that risks may have on the Council's relationship with its stakeholders, including the tax authorities, staff, and the general public.

As with any organisation of this size and complexity, it is impossible to completely eliminate tax risk. However, with careful management, the incidence and impact of tax risks can be significantly reduced.

Policies and Procedures

The Council has a number of policies and procedures covering various aspects of its financial management. All such policies and procedures are formulated to ensure that the Council is fully compliant with its tax obligations. Such procedures are subject to regular review to ensure that they are, and remain, fit for purpose.

The Council has regular support from its external tax advisor, which includes access to a fast response helpline, as well as regular VAT and Employment Taxes Forums for Local Government.

For large, complex or unusual transactions the Council will engage additional specialist legal and tax advice when required, to ensure that the tax implications are identified and fully considered before approval is given.

Attitude to Tax Planning and Tax Risk

The Council will claim such reliefs and incentives as it is properly entitled to and will take reasonable steps to minimise its tax liabilities, where it is appropriate and responsible to do so.

The Council has a low risk appetite in relation to tax matters and does not use artificial tax structures or undertake transactions whose sole purpose is to create an abusive tax result. When evaluating tax planning the Council's reputation and corporate and social responsibilities are always considered.

Relationship with Tax Authorities

The Council is transparent about its approach to tax and where it is appropriate to do so will discuss the interpretation of tax legislation with HMRC, in real-time, particularly where the tax treatment is unclear. HMRC will be kept up to date regarding major changes or transactions within the business, so that any potential tax risks can be addressed at an early stage.

The Council seeks to develop and maintain a strong and mutually respectful relationship with HMRC.

In March 2019 the Council was again given a ‘Low Risk’ tax status by HMRC. This followed the Council’s HMRC Customer Relationship Manager meeting with key Council personnel to gain a greater understanding of the Council as an organisation and to understand the day to day systems, controls, processes, checks and governance the Council adopts in meeting its statutory obligations to ensure the completeness and accuracy of its monthly and annual returns made to HMRC. Customers assessed as Low Risk benefit from no intervention work undertaken by HMRC (with the exception of significant issues and mandatory and national projects) for a given period across all taxes.

HMRC commenced a full VAT review of the Council in September 2022. HMRC is undertaking similar VAT reviews at other upper tier authorities. Several meetings have been held with HMRC. HMRC has yet to conclude on its work.

Paul Stone
S151 Officer
Derbyshire County Council

Reviewed and up to date February 2023
(Original 24 March 2020 based on the Finance Act 2016 Schedule 19, updated annually)

Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 March 2023

Report of the Interim Director of Finance & ICT and the Director of Legal Services

Anti-Money Laundering Policy

1. Purpose

1.1 To advise Audit Committee of the latest review and seek approval for updates to the Council's Anti-Money Laundering Policy.

2. Information and Analysis

2.1 The legislative requirements concerning anti-money laundering procedures are extensive and complex. The Council's Anti-Money Laundering Policy (the "Policy") has been written so as to enable the Council to comply with anti-money laundering legislation applicable to public authorities.

2.2 Any employee could potentially be caught by the money laundering provisions if they suspect money laundering, and either become involved with it in some way, or do nothing about it. Whilst the risk to the Council of contravening applicable legislation is low, it is extremely important that all employees are familiar with their legal responsibilities.

2.3 The objectives of the Council's Policy are to:

- Ensure that all employees are aware of the legislation and money laundering offences within it, their responsibilities regarding the legislation and the consequences of non-compliance.

- Document the Council's client identification procedures.

- Establish the Council's internal reporting procedures.

- Define the Council's expectations in respect of employee awareness.

- Establish the Council's requirements for the appointment of an officer and deputies responsible for anti-money laundering activities.

- Document certain procedures of internal control and communication for activities which are restricted or regulated.

2.4 The Council's Policy was most recently presented to the Audit Committee at its meeting on 7 December 2021, following a review in November 2021. No changes were required, although the following matters were noted:

- Government has been seeking views on amendments to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs), in a consultation which closed on 14 October 2021. The Government is keen to ensure that the UK's anti-money laundering and counter terrorist financing regime effectively deters money laundering and terrorist financing activity, whilst being proportionate and managing burdens on businesses. Based on the information available, it is not expected that these changes would impact on public authorities such as the Council.

- Commencing on 1 April 2022, a new tax called the Economic Crime (Anti-Money Laundering) Levy will be charged on entities regulated under the MLRs. For the sake of clarity, this does not include the Council but does include various financial institutions, professional services firms, estate agents, casinos and art market participants.

2.5 On 15 June 2022 HM Treasury (HMT) published the outcome to its consultation on amendments to the MLRs. The changes were implemented through the Money Laundering and Terrorist Financing (Amendment) (No.2) Regulations 2022, with effect from 1 September 2022. The changes are being made to ensure that the UK continues to meet international standards on anti-money laundering and counter-terrorist financing, whilst also strengthening and clarifying how the UK's anti-money laundering regime operates, following feedback from industry and supervisors. Other recent legislative developments such as the new Economic Crime (Transparency and Enforcement) Act 2022 and the Economic Crime and Corporate Transparency Bill, demonstrate the political will to make the UK an unattractive environment for economic crime. As expected, these changes do not impact on public authorities such as the Council.

2.6 On 24 June 2022 HMT published two post-implementation reviews of the MLRs and Oversight of Professional Body Anti-Money Laundering and Counter Terrorist Financing Supervision Regulations 2017 (OPBAS Regulations) and a forward-looking review of the UK's anti-money laundering and countering the financing of terrorism regime, responding to its Call for Evidence. Overall, the review suggests that the UK's anti-money laundering regime is working effectively enough that no wholesale changes are needed; instead, HMT will take an incremental approach to improvements and remedying deficiencies using structures already in place, including through publication of the second Economic Crime Plan later in 2022. HMT will also issue a consultation on reforming supervision, but no major reforms are currently planned, with HMT preferring instead to employ existing levers to improve effectiveness.

2.7 Following a further review of the Council's Policy in February 2023, the following changes have been made:

- Updates to replace Money Laundering Reporting Officer ('MLRO') Peter Handford with Mark Kenyon, the Council's new Director of Finance & ICT (S151 Officer), from 3 April 2023.

- Updates to reference the introduction of the Money Laundering and Terrorist Financing (Amendment) (No.2) Regulations 2022.

2.8 The Council's amended Policy, which takes account of the Council's potential exposure to money laundering, along with guidance notes and supporting documentation, is attached in Appendix 2 to this report. It is proposed that Audit Committee approve the amendments to the Policy. The refreshed Policy will be communicated to staff following this approval.

3. Consultation

3.1 No consultation is required.

4. Alternative Options Considered

4.1 N/A – not reviewing and updating the Council's Anti-Money Laundering Policy would be contra to the Council's Financial Regulations which require that appropriate anti-money laundering arrangements are in place.

5. Implications

5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

6. Background Papers

6.1 No background papers held.

7. Appendices

7.1 Appendix 1 – Relevant implications considered in the preparation of the report.

7.2 Appendix 2 – Derbyshire County Council Anti-Money Laundering Policy, which has the following Policy Appendices:

- Appendix A – Anti-Money Laundering – Warning Signs
- Appendix B – Anti-Money Laundering – Notes for Employees
- Appendix C – Internal Suspicion of Money Laundering Activity Form

8. Recommendation

That Audit Committee:

8.1 Notes that a review of the Anti-Money Laundering Policy has taken place and approves the amended Policy at Appendix 2 to the report.

9. Reasons for Recommendations

9.1 The consequence of any public authority or its employees becoming involved in money laundering, without policies and procedures in place to help prevent it, may be very serious. It may result in criminal prosecutions, if organisations and individuals are not fulfilling their duty under the law. It would reflect poorly not only on the Council but potentially on the public sector as a whole.

9.2 It is, therefore, prudent and responsible practice for the Council to put in place and to keep up to date a policy, which includes appropriate and proportionate anti-money laundering safeguards and reporting arrangements. Such arrangements are designed to detect and avoid involvement in the crimes described in the legislation and regulations.

9.3 The requirement to ensure that appropriate anti-money laundering arrangements are in place is contained within the Council's Financial Regulations.

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Implications

Financial

1.1 The requirement to ensure that appropriate anti-money laundering arrangements are in place is contained within the Council's Financial Regulations. The consequence of any public authority or its employees becoming involved in money laundering, without policies and procedures in place to help prevent it, may be very serious.

Legal

2.1 Legislation and regulations relating to money laundering:

- The Proceeds of Crime Act 2002 (as amended by the Crime and Courts Act 2013 and the Serious Crime Act 2015).

- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended by The Money Laundering and Terrorist Financing (Miscellaneous Amendments) Regulations 2018, The Money Laundering and Terrorist Financing (Amendment) Regulations 2019, The Money Laundering and Terrorist Financing (Amendment) (EU Exit) Regulations 2020 and The Money Laundering and Terrorist Financing (Amendment) (No.2) Regulations 2022.

- Explanatory Memorandums to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and 2022.

- The Terrorism Act 2000 (as amended by the Anti-Terrorism, Crime and Security Act 2001, the Terrorism Act 2006 and the Terrorism Act 2000 and Proceeds of Crime Act 2002 (Amendment) Regulations 2007).

2.2 Not complying with the above legislation, in so far as it is applicable to the Council, may result in criminal prosecutions, if the Council and/or individuals are not fulfilling their duty under the law.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 The Council is committed to ensuring good financial management and compliance with applicable laws and regulations.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.

Derbyshire County Council

Anti-Money Laundering Policy

Version History			
Version	**Date**	**Detail**	**Author**
1.0	31 03 2010	Council's first Anti-Money Laundering Policy noted and approved by Members of Audit Committee on 31 Mar 2010.	E Scriven
2.0	17 10 2011	Members of Audit Committee noted and approved update at meeting 17 Oct 2011.	E Scriven
3.0	29 01 2013	Members of Audit Committee advised of latest review at meeting 29 Jan 2013.	E Scriven
4.0	07 10 2014	Reviewed by Members of Audit Committee at meeting 7 Oct 2014.	E Scriven
5.0	06 10 2015	Members of Audit Committee advised of latest review at meeting 6 Oct 2015.	E Scriven
6.0	04 08 2016	Policy reviewed for presentation to Audit Committee Members at meeting 4 Oct 2016 - updated for changes to UK legislation and regulations amendments on money laundering; to include references to the National Crime Agency (NCA), which replaced the Serious Crime Agency (SOCA) and took over its responsibilities for investigating money laundering; update job titles of deputy MLROs; version control and information classification added.	E Scriven
7.0	05 07 2017	Policy reviewed for presentation to Audit Committee Members at meeting 22 Nov 2017 – updated for new legislation Money Laundering Regulations 2017, effective 26 June 2017 and other changes to the post of one deputy MLRO after retirement and removal of the post of the previous holder; change of job title of MLRO to include ICT; old DCC logo removed.	E Scriven
8.0	01 06 2018-14 11 2018	Policy reviewed. Change to nominated deputy MLRO following departure of previous holder.	S Holmes
9.0	22 11 2018	Tracked changes from Legal	Simon Macdonald-Preston
10.0	18 11 2019	Policy reviewed. Changes to posts of nominated deputy MLROs. Update to refer to updated Legislation *(no change required to Policy except to reference new legislation).* New requirement for Money Laundering Reporting Officers to log instances where they have been consulted and they have concluded that acceptance of the cash is appropriate.	E Scriven
11.0	08 10 2020	Policy Review. Update to refer to updated Legislation *(no change required to Policy except to reference new legislation)* and to include update to reduce cash limit from £10,000 by exception to £2,500 in all cases (decision previously made and included on invoices).	E Scriven

12.0	03 11 2021	Policy Review. No changes required to the Policy.	E Scriven
13.0	09 02 2023	Policy Review. Update for new MLRO, reference to the new Money Laundering and Terrorist Financing (Amendment) (No.2) Regulations 2022.	E Scriven

This document has been prepared using the following ISO27001:2013 standard controls as reference:	
ISO Control	**Description**
A.8.2	Information classification
A.7.2.2	Information security awareness, education and training
A.18.1.1	Identification of applicable legislation and contractual requirements
A.18.1.3	Protection of records
A.18.1.4	Privacy and protection of personally identifiable information

Introduction

This policy establishes a framework within which the requirements of the Terrorism Act 2000 (as amended by the Anti-Terrorism, Crime and Security Act 2001, the Terrorism Act 2006 and the Terrorism Act 2000 and Proceeds of Crime Act 2002 (Amendment) Regulations 2007), the Proceeds of Crime Act 2002 (as amended by the Crime and Courts Act 2013 and the Serious Crime Act 2015) and The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended by The Money Laundering and Terrorist Financing (Miscellaneous Amendments) Regulations 2018, The Money Laundering and Terrorist Financing (Amendment) Regulations 2019, The Money Laundering and Terrorist Financing (Amendment) (EU Exit) Regulations 2020, and The Money Laundering and Terrorist Financing (Amendment) (No.2) Regulations 2022, as applicable to public authorities, will be adhered to by the Council (the "Legislation").

It sets out appropriate and proportionate anti-money laundering safeguards and reporting arrangements, designed to detect and avoid involvement in the crimes described in the Legislation. It is the Council's responsibility to take all reasonable steps to minimise the likelihood of money laundering occurring.

Failure to adhere to the requirements of the Legislation may result in criminal prosecutions, if the Council and its officers and members are not fulfilling their duty under the law.

Scope

This policy applies to all officers and members (the "employees") and their interaction with third parties such as suppliers, contractors, through partnership arrangements and Teckal companies, and aims to maintain the high standards of conduct which currently exist within the Council, by preventing criminal activity through money laundering. The policy sets out the procedures which must be followed to enable the Council to meet its legal obligations under the Legislation.

It is designed to help employees familiarise themselves with the legal and regulatory requirements relating to money laundering, as they affect both the Council and employees personally.

Whilst the policy particularly applies to employees involved with monetary transactions, it is everyone's responsibility to be vigilant.

Purpose

The legislative requirements concerning anti-money laundering procedures are extensive and complex. This policy has been written so as to enable the Council to meet the Legislation in a way which is proportionate to the low risk to the Council of contravening the law.

Any employee could potentially be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way or do nothing about it. Whilst the risk to the Council of contravening the Legislation is low, it is extremely important that all employees are familiar with their legal responsibilities.

The objectives of this policy are to:

- ensure that all employees are aware of the Legislation and money laundering offences within it, their responsibilities regarding the Legislation and the consequences of non-compliance;
- document the Council's client identification procedures;
- establish the Council's internal reporting procedures;
- define the Council's expectations in respect of employee awareness and targeted training;
- establish the Council's requirements for the appointment of an officer responsible for anti-money laundering; and
- document certain procedures of internal control and communication for activities which are restricted or regulated.

Legislation and Offences

The Legislation, as applicable to public authorities, will be adhered to by the Council.

Under the Legislation, money laundering is interpreted very widely and includes possessing, or in any way dealing with, or concealing, the proceeds of any crime. In summary, the main money laundering offences are:

- concealing, disguising, converting, transferring or removing criminal property from the UK;
- being concerned in an arrangement which a person knows or suspects or facilitates the acquisition, retention, use or control of criminal property;
- acquiring, using or possessing criminal property; and
- doing something that might prejudice an investigation, for example, falsifying a document.

It is an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of criminal activity or resulting from acts of criminal activity. All individuals and businesses in the UK, including employees and the Council, have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, criminal activity or its laundering, where it relates to information that comes to them in the course of their business or employment.

Employee Responsibilities

Whilst money laundering may most commonly be associated with organised crime, employees of the Council could be exposed to it in the ongoing pursuit of their everyday activities. Guidance for employees on their possible exposure to money laundering, along with examples of warning signs of money laundering, is attached at Appendix A (“Money Laundering - Warning Signs”) to this policy.

Employees should follow this policy in respect of all crimes, however small. The regime under which money laundering is monitored operates on an “all crimes” basis and sets no lower limit below which suspected crimes should not be internally reported.

It is essential that employees rigorously apply the internal procedures set out in this policy to prevent money laundering.

Non-Compliance

Failure by an employee to comply with the procedures set out in this policy may lead to disciplinary action being taken against them, in accordance with the Council’s Disciplinary and Dismissal Procedure Policy.

Offences may be tried at a Magistrate’s Court or in the Crown Court, depending on the severity of the suspected offence. Trials at the former can attract fines of up to £5,000, up to six months in prison, or both. In a Crown Court, fines are unlimited and sentences up to fourteen years in prison may be handed out.

Client Identification Procedures

Although it may not be a legal requirement to put in place formal procedures for evidencing the identity of those the Council does business with, in practice, prudence dictates that employees are alert to potentially suspicious circumstances.

Examples include situations where funds flow through the Council from a source with which it is unfamiliar. There is a greater risk if the parties concerned are not physically present or may be acting for absent third parties.

In particular, if the Council is forming a new business relationship and/or is considering undertaking a significant one-off transaction, it is required that identification procedures are set up and maintained in respect of the parties involved. If the client acts, or appears to act, for another person, reasonable measures must be taken for the purposes of identifying that person. These may already be part of the Council's procedures in some areas.

In this situation, the client should provide satisfactory evidence of their identity either personally, through passport/photo driving license plus one other document with their name and address, for instance a utility bill (not a mobile bill), mortgage/building society/bank documents, credit card documents, a pension/benefit book; or their corporate identity, which can be through company formation or business rates documents. This evidence should then be retained. If satisfactory evidence is not obtained, the relationship or the transaction must not proceed.

Internal Reporting Procedures

Staff concerns should be reported to the Council's nominated anti-money laundering officer ("the Officer"), or in his or her absence, their deputies. All suspicious transactions, irrespective of their values, should be reported to the Officer.

Employees should first have an initial discussion with the Officer, which should be recorded on an internal form if the Officer decides that the matter is serious enough to warrant this. The Officer will then decide whether an external report is needed. The forms are attached at Appendix C to this policy.

If it is concluded that the matter is not suspicious, then the Officer should complete a log which records instances where they have been consulted and they have concluded that acceptance of the cash is appropriate.

All forms and logs will be retained for five years from the date on which the matter is satisfactorily concluded.

Once an employee has reported their suspicions to the Officer, they have fully satisfied their own statutory obligation.

The Council will monitor the types of transactions and circumstances that give rise to suspicious transaction reports, with a view to updating internal instructions and guidelines from time to time.

At no time and under no circumstances should an employee voice any suspicions to the persons suspected of money laundering. This is known as "tipping off". Whilst this is not an offence for a public authority which does not operate in the regulated sector (which is avoided by ensuring that undertaking investment activities for a third party and structuring agreements for certain activities, if undertaken for third parties, are restricted), it is best practice. No reference should be made on a client file to the Officer having been contacted, or a report having been made to the Officer. Should the client exercise their right to see the file, then such a note would obviously tip them off as to the report having been made. The Officer should keep the appropriate records in a confidential manner.

Employee Awareness and Training

It is not necessary for all staff to have a detailed knowledge of what constitutes criminal offences under the Legislation. Those who are most likely to encounter money laundering should read this policy, as it documents what procedures are in place to help prevent money laundering and informs them of their personal responsibilities and possible liabilities as individuals. Suggested notes for managers to distribute to these and other employees are attached at Appendix B ("Anti-Money Laundering – Notes for Employees").

The Council does not have any areas of activity that are considered to be especially vulnerable to money laundering. This is supported by the fact that local authorities are not included as a "relevant person" in the Legislation and are therefore not covered by those regulations.

Any managers who believe they have identified any especially vulnerable areas should first consult with the Officer. If it is then agreed that this is the case, then the manager of the employees involved should request the Officer to arrange to deliver more targeted training to the employees.

Appointment of an Officer Responsible for Anti-Money Laundering

Whilst the Council is not obliged to have a formally appointed Money Laundering Reporting Officer ("MLRO") under the Proceeds of Crime Act, it is good practice for an officer to be nominated as being responsible for the Council's anti-money laundering activities. The Council should therefore always have a nominated anti-money laundering officer ("the Officer"), along with two nominated deputies, who are authorised to act in their absence.

These anti-money laundering appointees should already hold a senior position at the Council so that they can access relevant information (even if it is sensitive) and have the authority to make the decision not to externally report, without having to refer to anyone else in the Council. This policy, therefore, requires that the Officer and deputies should occupy the following senior positions at the Council:

Role	**Name**	**Position**
Officer	Mark Kenyon	Director of Finance & ICT
Deputies	Paul Stone	Assistant Director of Finance (Financial Management)
	Dawn Kinley	Head of Pension Fund

The Council's appointed Officer and deputies should:

- maintain the Council's policies and procedures in respect of money laundering;
- receive and manage the concerns of employees about money laundering and their suspicion of it;
- document internal money laundering reports in conjunction with the employee concerned, where warranted;
- make internal enquiries to follow up concerns; and
- make external reports to NCA (see below), where necessary.

The Officer and deputies must follow the current requirements of the National Crime Agency ("NCA"), which has taken over the responsibilities of the Serious Organised Crime Agency ("SOCA") for investigating money laundering and terrorist financing, in enforcing the legislation. However, the Officer and deputies should not allow the role to consume a disproportionately large amount of time and resources, relative to the risks.

Restricted Activities

This policy requires certain activities to be regulated or restricted as follows:

a) **Undertaking Investment Activities for a Third Party**

In making investment arrangements, the Council should not act as a principal or agent in, or an arranger of, investment activities for a third party, without prior authority from the Officer, as such activities might be interpreted as being a regulated activity and expose the Council to additional money laundering regulations.

This excludes the investments of trust and charitable funds and the placing of cash deposits for other local authorities, as such activities, in the Chartered Institute of Public Finance and Accountancy's (CIPFA) view, would not be interpreted as being "by way of business".

b) Receiving High Value Cash Receipts

For the purpose of preventing money laundering:

- The Council, in the normal operation of its services, accepts payments from individuals and organisations, for example in relation to property rental and sundry debtors. For all transactions under £2,500, no action is required, unless the employee has reasonable grounds to suspect money laundering activities, proceeds of crime or is simply suspicious, at which stage the matter should be reported to the Officer.

- Cash receipts of £2,500 or more should not be accepted. "Cash" includes notes, coins or travellers' cheques in any currency. It is not appropriate for payment of a balance owed to the Council to be sub-divided into smaller cash receipts to circumvent this limit, whatever the purpose of the payment. Any attempts to do this should be reported to the Officer as suspicious activity.

c) Refunds

A significant overpayment of an amount owed, which results in a repayment, should be properly investigated and authorised as not suspicious, before repayment is made.

d) Structuring of Agreements

Advice from the Officer should be sought in structuring agreements relating to the following activities, if undertaken on behalf of third parties, as such activities might be interpreted as being a regulated activity and expose the Council to additional money laundering regulations:

- advice about tax affairs;

- accountancy services;

- audit services;

- legal services which involve participation in a financial or real property transaction; and

- services which involve the formation, operation or management of a company.

CIPFA's Treasury Management Code

Treasury management activities and the legal and best practice requirements relating to them (including money laundering), are subject to the provisions of CIPFA's Treasury Management: Code of Practice ("the TM Code"). The TM Code is legally enforceable in local authorities.

Conclusion

The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This policy and the guidance notes and supporting documentation in the Appendices have been written to enable the Council to meet the legal requirements in a way that is proportionate to the Council's risk of contravening the legislation.

Anti-Money Laundering

Money Laundering - Warning Signs

Those involved in the handling of criminal property look for ways to secure and safeguard the proceeds of their criminal activities. Although other ways exist, cash is the mainstay of criminal transactions, being the most reliable and flexible, and having little or no audit trail.

In the UK, the most popular method of laundering money is thought to be the purchase of property, followed by investment in front companies or high cash turnover businesses (frequently legitimate businesses), or funding a lifestyle.

The following examples, which employees could encounter at the Council, may indicate that money laundering is taking place:

- Transactions or trade that appear to make no commercial or economic sense from the perspective of the other party. A money launderer's objective is to disguise the origin of criminal funds and not necessarily to make a profit. A launderer may therefore enter into transactions at a financial loss if it will assist in disguising the source of the funds and allow the funds to enter the financial system.

- Large volume/large cash transactions. All large cash payments should be subject to extra care and should cause questions to be asked about the source. This will particularly be the case where the cash paid exceeds the amount necessary to settle a transaction and the persons concerned request a non-cash refund of the excess. This will include double payments. The Council's Anti-Money Laundering Policy includes procedures which must be followed when encountering high value cash receipts. The cash receipts limit is £2,500; cash payments may not be sub-divided to circumvent this limit. Cash payments over £2,500 must not be accepted.

- Payments received from third parties. Money launderers will often look to legitimate business activity in order to assist in "cleaning" criminal funds and making payments on behalf of a legitimate company can be attractive to both parties. For the legitimate company it can be a useful source of funding and for the launderer the funds can be repaid through a banking system.

Derbyshire County Council
Anti-Money Laundering – Warning Signs

Examples of warning signs which could point to money laundering are:

- use of cash where other means of payment are normal;
- unusual transactions or ways of conducting business, including where third-party intermediaries become involved in a transaction;
- unwillingness to answer questions / secretiveness generally;
- difficulties in establishing the identity of a party, or where the identity is not disclosed;
- use of overseas companies;
- evasiveness as to the source or destiny of funds; and
- overpayment of property rental income where refunds are needed.

The money laundering regime adopts an "all crimes" approach. It should be noted that the money laundering offences described in the Council's policy may apply to a very wide range of more everyday activities. Examples include:

- being complicit in crimes involving the falsification of claims;
- benefiting from non-compliance with the conditions attaching to a grant;
- retaining customer overpayments on a ledger; and
- facilitating employment on which tax is not paid.

Anti-Money Laundering

Notes for Employees

Derbyshire County Council's and Your Own Personal Responsibilities

Purpose

These notes are important. They are designed to help you familiarise yourself with the legal and regulatory requirements relating to money laundering, as they affect both the Council and you personally.

What is Money Laundering?

Money laundering is the term used for several offences involving the proceeds of crime or terrorist funds. The following constitute the act of money laundering:

- concealing, disguising, converting, transferring, or removing criminal property from the United Kingdom;
- becoming concerned in an arrangement in which someone, knowingly or suspecting, facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
- acquiring, using or possessing criminal property; and
- doing something that might prejudice an investigation, for example, falsifying a document.

Whilst the risk to the Council of contravening the legislation is perceived to be low, you may be used unknowingly in laundering money from criminal activities.

Although the term "money laundering" is generally used when describing the activities of organised crime – for which the legislation and regulations were first and foremost introduced – to most people who are likely to come across or be affected by it, it involves a suspicion that someone they know, or know of, is benefiting financially from dishonest activities.

The money laundering regime adopts an "all crimes" approach. The offences may apply to a very wide range of more everyday activities within the Council. This could include, for example, being complicit in crimes involving the falsification of claims, benefiting from non-compliance with the conditions attaching to a grant, retaining customer overpayments on a ledger, or facilitating employment on which tax is not paid.

What Laws Exist to Control Money Laundering?

In recent years, new laws have been passed which significantly shift the burden of identifying acts of money laundering away from government agencies and more towards organisations and their employees. They prescribe potentially very heavy penalties, including imprisonment, for those who are convicted of breaking the law. These laws are important. A list of the laws and relevant papers appears at the end of these notes.

What is the Council's Policy on Money Laundering?

The Council aims to maintain its high standards of conduct, by preventing criminal activity through money laundering.

The Council's policy is to do all that it can to prevent, wherever possible, the Council and its officers and members being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases. We cannot stress too strongly, however, that it is everyone's responsibility to be vigilant.

Mark Kenyon , whose contact details appear in the box later in this note, has been nominated as being the Council's Officer Responsible for Anti-Money Laundering ("the Officer").

What are the Main Money Laundering Offences?

There are three principal offences – concealing, arranging and acquisition/use/ possession.

Concealing is where someone knows, or suspects, a case of money laundering but conceals or disguises its existence. **Arranging** is where someone involves themselves in an arrangement to assist in money laundering. **Acquisition/use/ possession** are where someone seeks to benefit from money laundering by acquiring, using or possessing the property concerned.

There are also two "third party" offences - failure to disclose one of the three principal offences, and "tipping off". **Tipping off** is where someone informs a person or people who are, or are suspected of being, involved in money laundering, in such a way as to reduce the likelihood of their being investigated, or prejudicing an investigation. Provided the Council does not involve itself in certain regulated activities, then these two offences do not apply to it. However, the Council's policy is still to apply best practice and therefore all suspicions should be reported to the Officer and no tipping off should occur.

All the main money laundering offences may be committed by the Council or its staff and members (the "employees").

What are the Implications for the Council and its Employees?

The Council has accepted the responsibility to ensure that those of its employees who are the most likely to be exposed to money laundering can make themselves fully aware of the law and where necessary, are suitably trained. The Council has also implemented procedures for reporting suspicious transactions and if necessary, making an appropriate report to the National Crime Agency.

The consequences for employees of committing an offence are potentially very serious. Whilst it is considered most unlikely that an employee would commit one of the three principal offences, the failure to disclose a suspicion of a case of money laundering is a serious offence in itself, and there are only limited grounds in law for not reporting a suspicion.

Whilst stressing the importance of reporting your suspicions, however, you should understand that failure to do so is only an offence if your suspicion relates, in the event, to an actual crime.

What are the Penalties?

Money laundering offences may be tried at a Magistrate's Court or in the Crown Court, depending on the severity of the suspected offence. Trials at the former can attract fines of up to £5,000, up to six months in prison, or both. In a Crown Court, fines are unlimited and sentences up to fourteen years in prison may be handed out.

Failure by an employee to comply with the procedures set out in this policy may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary and Dismissal Procedure Policy.

What are the Warning Signs?

Examples of warning signs which you could encounter and may point to money laundering are attached at Appendix A ("Warning Signs") to these notes. You should ensure that you familiarise yourself with these examples.

What Should I do if I Suspect a Case of Money Laundering?

You should report the case **immediately** to Mark Kenyon (the Council's Officer Responsible for Anti-Money Laundering, "the Officer"), in a discussion, by phone or e-mail, and a form may be determined to be required following this discussion.

Mark can be contacted as follows:

Mark Kenyon
Director of Finance & ICT
Derbyshire County Council
County Hall
MATLOCK
Derbyshire DE4 3AH

Telephone: 01629 538 700
E-mail: mark.kenyon@derbyshire.gov.uk

In the absence of the Officer, Paul Stone and Dawn Kinley (or the officers in these posts, as set out in the Policy, at the relevant time) are authorised to deputise for him.

He will decide whether the information or transaction is suspicious and whether to make an external report based on all other relevant evidence (information) available to the Council concerning the person or business to which the initial report relates.

If the Officer concludes that the matter is not suspicious, then a log will be completed, which records instances where consultation has taken place and it has been concluded that acceptance of the cash is appropriate.

There is no clear definition of what constitutes suspicion – common sense will be needed. If you are considered likely to be exposed to particularly suspicious situations, which are especially vulnerable to money laundering, you will be made aware of these by your senior officer and, where appropriate, training will be provided.

Should you have any concerns whatsoever regarding any transactions then you should contact the Officer or one of his deputies.

Derbyshire County Council
Anti-Money Laundering – Notes for Employees

Summary

Robust money laundering procedures are essential if the Council and its employees are to comply with our responsibilities and legal obligations. It falls to you as an employee, as well as to the Council itself, to follow these procedures rigorously.

Legislation, Regulations and Guidance Relating to Money Laundering

The Proceeds of Crime Act 2002 (as amended by the Crime and Courts Act 2013 and the Serious Crime Act 2015)

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended by The Money Laundering and Terrorist Financing (Miscellaneous Amendments) Regulations 2018, The Money Laundering and Terrorist Financing (Amendment) Regulations 2019, The Money Laundering and Terrorist Financing (Amendment) (EU Exit) Regulations 2020 and the Money Laundering and Terrorist Financing (Amendment) (No.2) Regulations 2022

Explanatory Memorandums to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and 2022.

The Terrorism Act 2000 (as amended by the Anti-Terrorism, Crime and Security Act 2001, the Terrorism Act 2006 and the Terrorism Act 2000 and Proceeds of Crime Act 2002 (Amendment) Regulations 2007)

Combating Financial Crime – CIPFA 2009

Proceeds of Crime (Anti-Money Laundering) – Practical Guidance for Public Service Organisations – CIPFA 2005

Reviewed and updated February 2023

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APPENDIX C

PUBLIC

Internal Suspicion of Money Laundering Activity Form

STRICTLY CONFIDENTIAL

Report to: Officer Responsible for Anti-Money Laundering ("the Officer")

Regarding: Suspicion of Money Laundering Activity

To: ……………………………………………………………………………
(Derbyshire County Council (Deputy) Officer Responsible for Anti-Money Laundering)

From: ……………………………………………………………………………

Department: ……………………………………………………………………………

Job title: ……………………………………………………………………………

Details of Suspected Offence

Name(s) and address(es) of persons involved: *[If a company/public body please include details of nature of business]* *[Please continue on to a separate sheet if necessary]*

Nature, value and timing of activity involved: *[Please include full details eg what, when, where, how]* *[Please continue on to a separate sheet if necessary]*

Nature of suspicions regarding such activity:

Derbyshire County Council
Internal Suspicion of Money Laundering Activity Form

[Please continue on to a separate sheet if necessary]

Have you discussed your suspicions with anyone else?

Yes/No *(please select the relevant option)*

If yes, please specify below, explaining why such discussion was necessary:

[Please continue on to a separate sheet if necessary]

Has any investigation been undertaken (as far as you are aware)?

Yes/No *(please select the relevant option)*

If yes, please include details below:

[Please continue on to a separate sheet if necessary]

Derbyshire County Council
Internal Suspicion of Money Laundering Activity Form

Have you consulted any supervisory body guidance on money laundering (eg the Law Society?

Yes/No *(please select the relevant option)*

If yes, please specify below:

[Please continue on to a separate sheet if necessary]

Do you feel you have a reasonable excuse for not disclosing the matter to the NCA (eg are you a lawyer and wish to claim legal professional privilege)?

Yes/No *(please select the relevant option)*

If yes, please set out full details below:

[Please continue on to a separate sheet if necessary]

Are you involved in a transaction which might be a prohibited act under sections 327-329 of the Act which requires appropriate consent?

Yes/No *(please select the relevant option)*

If yes, please enclose details in the box below:

[Please continue on to a separate sheet if necessary]

Please set out below any other information you believe is relevant:

[Please continue on to a separate sheet if necessary]

DECLARATION:

Signed: …………………………………………………………………………….

Dated: …………………………………………………………………………….

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years' imprisonment.

Derbyshire County Council
Internal Suspicion of Money Laundering Activity Form

THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE OFFICER

Date report received: ………………………………………………..

Date receipt of report acknowledged: ………………………………………………..

CONSIDERATION OF DISCLOSURE:

Action Plan:

OUTCOME OF CONSIDERATION OF DISCLOSURE:

Are there reasonable grounds for suspecting money laundering activity:

If there are reasonable grounds for suspicion, will a report be made to NCA?

Yes/No *(please select the relevant option)*

If yes, please confirm date of report to NCA: ………………………………………
and complete the box below:

Derbyshire County Council
Internal Suspicion of Money Laundering Activity Form

Details of liaison with NCA regarding the report: **Notice Period: ………………………. To ……………………….** **Moratorium Period: …………………… To ……………………….**

Is consent required from NCA to any ongoing or imminent transactions which would otherwise be prohibited acts?

Yes/No *(please select the relevant option)*

If yes, please enter full details in the box below:

Date consent received from NCA: ………………………………………………….

Date consent given by you to employee: …………………………………..

Derbyshire County Council
Internal Suspicion of Money Laundering Activity Form

If there are reasonable grounds to suspect money laundering but you do not intend to report the matter to NCA, please set out below the reason(s) for non-disclosure:

[Please set out reasons for non-disclosure.]

Date consent given by you to employee for any prohibited act transactions to proceed:

……………………………………………………………………

Other relevant information:

<u>Signed:</u> ……………………………………………………………………………

<u>Dated:</u> ……………………………………………………………………………

THIS REPORT IS TO BE RETAINED FOR AT LEAST FIVE YEARS

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DERBYSHIRE
County Council

Audit Services Unit

Audit Plan 2023-24

21 March 2023

Daniel Ashcroft (Audit Manager)
Philip Spencer (Audit Manager)

Contents

The Council's Audit Charter recognises the Mission of Audit Services set out in PSIAS as:

"Audit Services aspires to enhance and protect organisational value by providing risk based and objective assurance, advice and insight"

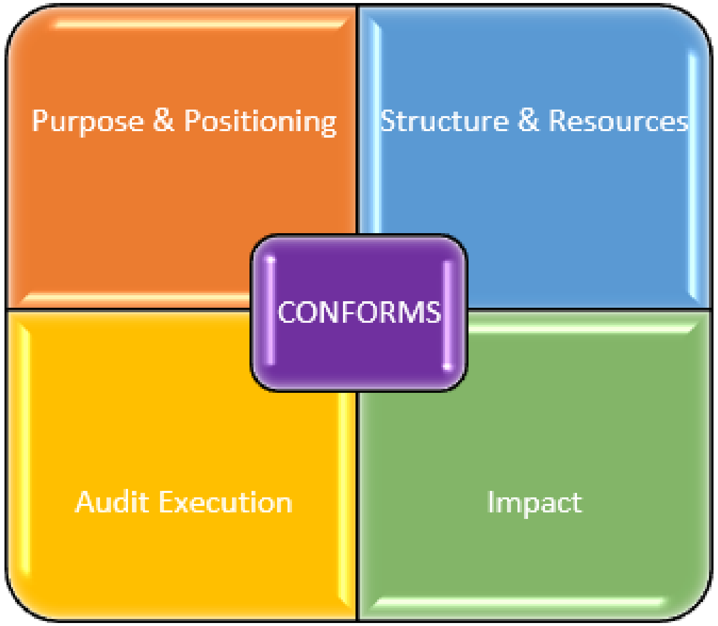
Introduction

The work of Audit Services is carried out in conformance with the UK Public Sector Internal Audit Standards (PSIAS). These are recognised under the Accounts and Audit Regulations (2015) as the relevant, best practice benchmark for the provision of an adequate and effective internal audit service. The PSIAS define internal auditing as *'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'*

The Council's updated Audit Charter approved by Cabinet on 23 February 2023, outlines the legal basis of operation for Audit Services, the agreed mission, position within the Council and Auditor compliance with the Code of Ethics. The Internal Audit Service is delivered in accordance with the Audit Charter.

Audit Services recognise the requirement to provide Members and Senior Management with assurance on the operation of core financial systems. To enable this, we will continue the programme of compliance reviews and Audit of other services, systems and processes according to an assessment of risk and business need.

In keeping with this assessment, the Council takes a robust stance against fraud and corruption whether it is attempted on, or from within, the Council.



Audit Services has a proven track record of delivering a high-quality Internal Audit Service. The last External Quality Assessment (EQA) of the service undertaken by 'Cipfa C.Co' in 2019, confirmed full compliance with the PSIAS in which the assessment team commented *'The Internal Audit team is made up of officers with a wide range of skills and experience able to cover a broad range of audit assignments without the need to bring in additional, specialist support to deliver the Plan'.*

Audit Services Plan

The 2023-24 Audit Plan continues the transition away from the more traditional ‘fixed’ annual Audit Plan to a more agile approach based upon the Council’s key risks, value added reviews and use of the Audit Assurance Mapping Exercise within the planning process. Included within this year’s Plan are a number of ‘Resource Led’ reviews which will be undertaken in the event that planned reviews cannot commence due to operational reasons or a change in risk profile.

The move towards a more agile approach over the next few years, will provide a more responsive audit service that is data driven with enhanced use of the Council’s IT current data sets and external information.

The Audit Services Plan is designed to provide assurance that the significant risks identified as part of the risk assessment process are being managed effectively and, where appropriate, to make recommendations for improvements in overall control, efficiency and effectiveness. As part of this process Audit Services will also examine risk management frameworks, control and governance arrangements.

As in previous years the Plan has been formulated in accordance with the Internal Audit Strategy and informed by our risk assessment drawn from a wide range of sources including:-

- Council Plan
- Council’s Strategic Risk Register
- Departmental Risk Registers
- Meetings with Corporate Management Team, Executive Directors and Directors including the Head of Paid Service, Section 151 Officer and Monitoring Officer
- Audit Assurance Mapping Exercise
- Previous cyclical Audit work, knowledge of systems, controls and follow up of previous Audit recommendations
- Proactive fraud work
- External Audit
- Sector knowledge and emerging risks.

The Unit will continue to support the Council’s promotion of good governance by supporting the work of the Governance

Group. In addition, Audit Services contribute to the work of the Information Governance Group and other groups in order to support Senior Management and the implementation of systems and projects.

Our work regarding the assessment of new, revised and existing IT systems to verify their compliance with the Council's ISO27001 accreditation, Data Protection Regulations and Departmental service priorities will continue, given the heightened cyber risk, which includes the risk of financial penalties in the event of a significant data breach.

Audit Services will continually seek to identify opportunities to improve value for money through its ongoing programme of reviews and specific project work.

Throughout 2023-24 the Audit Services Plan will be reviewed to ensure that it remains aligned with significant risks whilst flexible to respond to changes in risk, operations, systems and controls. Ongoing amendments to the Plan will be identified through Assurance Mapping, Audit Services' liaison and discussions with the Audit Committee, Corporate Management Team, Executive Directors, Directors and Senior Managers. Progress against the approved Audit Plan will be regularly reported to the Audit Committee.

Looking forward the Council faces a number of challenges including:-

- Funding and demand-led pressures
- Recruitment and retention difficulties impacting on staff capacity and resilience
- Increased volatility across the world which is likely to impact on the Council's supply chain
- Local incident planning for major events including flooding
- Delivery of climate change actions to achieve agreed targets
- Impact of a significant data breach or cyber-attack upon the Council's infrastructure
- Management of the Council's data storage to enable legal compliance and service efficiencies.

Type of Assurance	Plan Split	Examples
Audit Opinion Reviews	51%	• Governance Reviews • Financial System Audits • IT System Reviews • Project Audits • Business Continuity
Audit Assurance Reviews	11%	• Grant Sign Offs • New Systems Implementation • Thematic Reviews • Assurance Mapping
Advice & Guidance	15%	• Attendance at Groups and Project Boards • Responses to enquiries from Managers in respect of governance and the Council's control framework
Counter Fraud & Investigations	10%	• Proactive Counter-Fraud Activity • National Fraud Initiative (NFI) • Audit Investigations • RIPA Management & Administration
Internal Development	5%	• Strategic Management • Audit System Development
Audit Contingency	8%	• Time to accommodate unforeseen audit areas or significant changes in a risk profile.

Audit Plan Coverage 2023-24

The key elements of the Audit Services Plan for 2023-24 is split over the following activity areas. Further detailed analysis is included within **Appendix 1**.

Core Assurance	Corporate Activities	Key Financial Systems	IT & IS Reviews	Governance
	Workforce Development	Human Resources Management	Business Continuity Planning - ICT	Audit Committee
	Corporate Culture	Accounts Payable	SAP System & Processes	Governance Group
	Commissioning & Partnership Working	Corporate Purchasing	Corporate Database	Information Governance Group
	Climate Change	Accounts Receivable	Network Infrastructure	Data Protection Group
	Modern Ways of Working	Accountancy, Budgetary Control & Financial Resilience	Server Infrastructure	Assurance Mapping
	Asset Optimisation	Pensions and Funds Management	BACS Payment System	Data Analytics
	East Midlands Freeport			**Counter Fraud**
	County Deals			Audit Investigations
	Customer Complaints			National Fraud Initiative
	IT Governance			National Anti-Fraud Network
	Data Governance			RIPA Management
	Project Management Office			

Categorisation	Audit Plan Reviews by Department			
	Corporate Services & Transformation	**Children's Services**	**Adult Social Care & Health**	**Place**
Priority Reviews	Business Continuity Planning Corporate Response HM Revenue & Customs Compliance Insurance & Risk Management Property Services Property Contractor Management Grants & Certifications Ukraine Family Support Departmental Review	Children in Care Placements Management of Service Demands Administration of Children's Homes Review of Traded Services Thematic School Reviews Grants & Certifications Supporting Families Schools Financial Value Standard (SFVS) Returns Departmental Review	Quality Assurance Framework Safeguarding of Adults Administration of Care Establishments Public Health Grants & Certifications Departmental Review	Concessionary Fares Regeneration Local Transport Capital Funding Grant Inspection & Control of Highway Assets Derbyshire Records Office & Records Management Public Library Service D2N2 LEP Grants & Certifications Departmental Review
Departmental IT Systems	E-Procurement Website Development DBS Employment Check Software Licensing	Early Years and Education MIS School MIS	Mosaic Client Management Imprest System Derbyshire Shared Care Record	Fleet Management System Waste Management Accounting System
Resource Led Reviews	Registration Service Council & Business Rates Administration Health, Safety & Wellbeing	Looked After Children / Care Leavers Special Educational Needs Adult Community Education Management of S106 Income Secondary School Audits	Direct Care	Review of Waste Management Public Transport & Taxi Contracts Trading Standards

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Resources

As the Council continues to face significant budget challenges and restrictions upon service delivery, Audit Services resources are not immune from these pressures. As part of the Corporate Services and Transformation departmental savings targets for 2023-24, two Auditor positions have been removed from the establishment, which has impacted the overall available resource this year by 435 days.

This will be a challenge for the Unit to ensure that sufficient assurance and compliance work is completed, to enable the Head of Internal Audit (HIA) to form an opinion in the 2023-24 Annual Audit Report. Although steps have already been taken to mitigate against the reduction in staff resources, including the transition to an agile approach to Audit planning, the impact on the 2023-24 Plan will be closely monitored.

The revised Audit staffing structure will deliver **2,337** Audit days in 2023-24, which has been calculated using current and estimated resources. Several assumptions have been made in calculating the number of available Audit days including appointments to current vacancies i.e. Assistant Director of Finance (Audit). Updates on staff resources will be provided to Members as part of the Unit's regular progress reporting throughout 2023-24. The revised staffing structure as of 1 March 2023 is set out at Appendix 2. The recruitment process for the new Assistant Director of Finance (Audit) is underway following an unsuccessful exercise in February 2023.

Furthermore, the ability to recruit to the vacant Senior Auditor post may prove problematic given the nature of the recruitment market and challenges faced in appointments to professional positions.

The Unit remains committed to providing a wide range of Audit services, including the specialist areas of investigative and IT Audit work. It is essential that the level of skills, experience and qualifications available is maintained to enable Audit Services to continue to provide a comprehensive, efficient and cost-effective service to the Council.

As part of the Unit's continual improvement process, it is essential that all Audit staff are not only provided with the right skills and tools to deliver the service, but also build resilience into the team. As part of this year's MyPlan process, all Auditors will complete a skills evaluation to identify operational gaps and training requirements, to deliver on the Unit's objectives including the introduction of data analytics. This will not only introduce staff into new ways of working and provide enhanced engagement within the team, but should enable the Unit to fully exploit the tools within the Council's Microsoft licensing model.

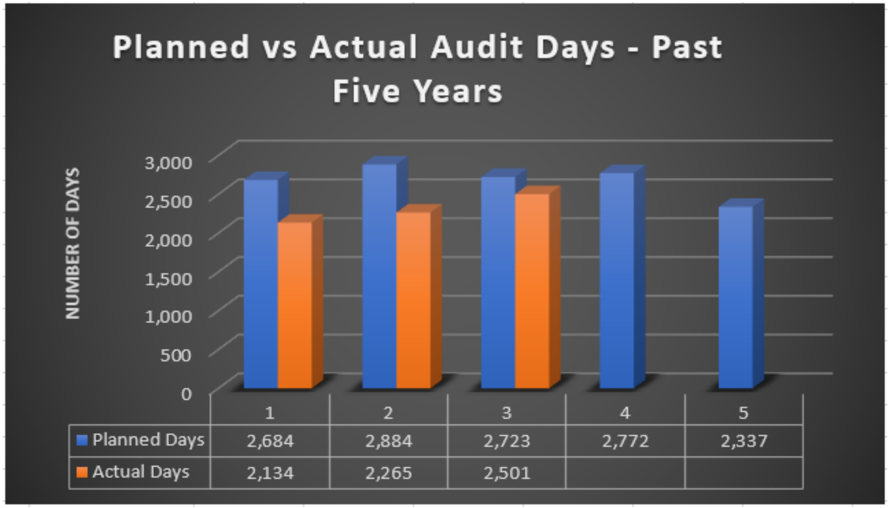
Delivery of Audit Work

The scope and timing of Audit work is discussed with Senior Management prior to the commencement of fieldwork, with all Audit assignments reported to the appropriate levels of Management on completion. Based on the results of our work and findings from the review, Audit Services will provide an opinion and a level of assurance, which Management may draw from the adequacy and effectiveness of the overall control framework in operation in the area subject to Audit.

Audit Services will continue to support Management improve the effectiveness, efficiency and adequacy of governance, risk and internal control frameworks, by making prioritised recommendations based on our findings. All findings are risk based, with a corresponding implication that outlines a potential outcome in the event that the finding materialises. Audit Services have systems in place to routinely follow up the status of agreed recommendations with Executive Directors and Directors.

To enable the Unit to deliver the Audit Services Plan we will seek to foster collaborative working arrangements with Senior Management and other relevant parties. This is essential to ensure that the scope of Audit work and its objectives are understood, key staff are available to assist Audit delivery, the prompt reporting of actions, and agreed recommendations are implemented in accordance with scheduled timescales.

During the year Audit Services will liaise with the Corporate Management Team, Executive Directors and Directors to provide updates on performance, significant findings from Audit work and identify any issues which affect the current and future Audit Plans.



Quality Assurance and Improvement Programme

The PSIAS require the Assistant Director of Finance (Audit) to develop and maintain a Quality Assurance and Improvement Programme (QAIP) covering all aspects of the internal audit activity. The QAIP sets out the procedures for the ongoing monitoring, supervision, review and measurement of Audit Services' activity. It also includes arrangements for both internal and external assessments of such activity. The QAIP enables evaluation of the Unit's conformance with the definition of internal auditing, the PSIAS and whether internal auditors apply the Code of Ethics. The QAIP was presented to the Audit Committee on 5 July 2022 as part of the Annual Report.

As part of the Annual Report, the previous Assistant Director of Finance (Audit) reported the outcome of a self-assessment exercise of the Unit's performance against the PSIAS, to Audit Committee on 5 July 2022. Whilst the outcome of the assessment was that Audit Services were fundamentally compliant with the standards, a small number of service improvement opportunities were identified to enable continual improvement. Whilst the actioning of the areas of improvement will continue into 2023-24, areas already actioned include the development of the assurance mapping exercise and a review of the Audit Charter.

The Unit's Audit Manual was reviewed and updated by the Assistant Director of Finance (Audit), prior to leaving the Council. The Manual, drawn from professional best practice is compliant with the PSIAS and defines every stage of the Audit process. As part of the annual declaration process, all staff must observe its requirements.

INTERNAL AUDIT STRATEGY

	OBJECTIVES	MEASURES
TALENT	Independent and Objective Proficiency and Professionalism Talent Source for Organization	Certifications and CPE Training Competency Assessments Staff Rotation Program
PROCESS	Independence and Objectivity Consulting Activities Quality Assurance and Improvement Program	Performance Metrics Risk-based Audit Plan Completion Internal and External Assessments
INNOVATION	Add Value Through Efficiency Advance Use of Technology Proactive	Cost Savings Automation in Audit Data Analytics
TRUSTED ADVISOR	Strategic Partner Reliable Consultant Facilitate Positive Change	Communications Plan Stakeholder Surveys Industry Benchmarking

External Audit

Mazars LLP are the Council's appointed External Auditors, and the Unit will continue to work with them in accordance with the agreed External and Internal Audit Protocol which was reported to the Audit Committee on 27 March 2019. Findings from Audit Services' work informs External Audit's risk assessment and development of their programme of work. This in turn supports their assessment that the statement of accounts fairly presents the Council's financial position and the adequacy of arrangements for ensuring the Council's economic, efficient and effective use of resources.

Counter Fraud

The Anti-Fraud and Anti-Corruption Strategy details the Council's approach to the prevention and detection of fraud and corruption and highlights its approach to fraud and corruption in all its forms. This Strategy sits within the Council's wider governance framework which includes the Financial Regulations, Standing Orders relating to Contracts, Codes of Conduct for Employees and Members, the Fraud Response Plan and Whistleblowing Policy. This framework provides a coordinated counter fraud environment designed to protect public funds.

Audit Services investigate instances of potential fraud and irregularities which are referred by managers and members of the public. The Unit undertakes anti-fraud and corruption testing of systems that may be vulnerable to fraud or abuse. In 2021-22 Audit Services completed a self-assessment against the *'Fighting Fraud & Corruption Locally (FFCL)'*, which was reported to Audit Committee on 22 March 2022. This exercise identified gaps in compliance with the Cipfa best practice model, for which an Action Plan has been created to strengthen the Council's procedures. Whilst significant progress has been made in the delivery of these actions during 2022-23, with an update provided to Audit Committee on 20 September 2022, activity will continue into 2023-24 to ensure that the improvements are embedded. Updates will be brought to Audit Committee throughout the year to enable Members to monitor the Unit's improvements in this critical area.

In the 2023-24 Audit Plan, resources have been allocated to assist in the identification and prevent fraud as part of routine Audits. The Unit will also maintain the Council's Counter Fraud arrangements by:-

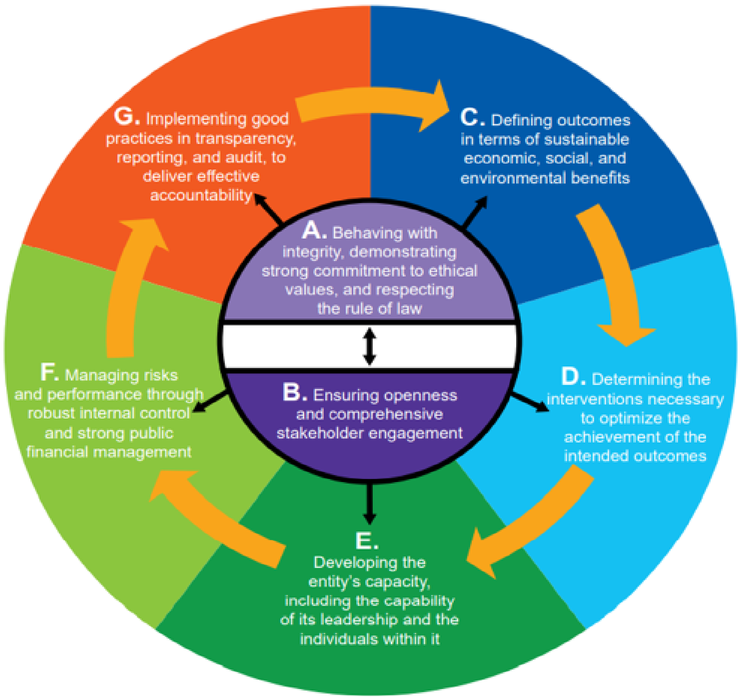
- Completing the National Fraud Initiative (NFI) exercise
- Undertaking Audit Investigations
- Collating and distributing intelligence received from the National Anti-Fraud Network (NAFN).
- Managing Regulation of Investigatory Powers Act 2000 (RIPA) applications
- Liaising with External Audit and other external bodies including Derbyshire Police.

Corporate Governance

Audit Services contributes to the Council's governance framework and routinely evaluates the Council's governance processes, as required by the PSIAS. The Unit:-

- Prepares the Internal Audit Plan and monitors progress on a regular basis throughout the year
- Supports the work of the Council's Corporate Governance Group and assists in the development and completion of the Annual Governance Statement (AGS), Local Code of Corporate Governance, Executive Director Matrices and lessons learnt exercises
- Liaises with External Audit
- Contributes to the development and updates to documents and policies, which form part of the Council's governance framework
- Evaluates governance arrangements of the service area or functions under review.

All of the above work, supports the Head of Audit (HIA) to form their opinion on the Council's governance risk and control framework within the Derbyshire Audit Services Annual Report, as required by the PSIAS.



Source: International Framework: Good Governance in the Public Sector (CIPFA)

Appendix 1 – Detailed Audit Services Plan 2023-24

The following tables set out the Audit Services detailed planned work for the period 1 April 2023 - 31 March 2024.

Corporate Risks and Activities – 934 Days have been allocated over the following areas				
Audit Area	**Risk**	**Audit Type**	**Council Plan Priorities**	**Risk Register**
Workforce Development	H	Audit Opinion Review	-	-
Corporate Culture	H	Audit Opinion Review	-	-
Delivery & Commissioning/Partnership Working	M/H	Audit Opinion Review	2, 3 & 4	-
Climate Change	H	Audit Opinion Review	1 & 4	-
Modern Ways of Working	M/H	Audit Assurance Review	2	-
Asset Optimisation (Corporate Landlord)	H	Advice & Guidance	2	CST – R16
East Midlands Freeport	M	Advice & Guidance	-	-
County Deals	M	Advice & Guidance	2	CST – R64
Customer Complaints & Enquiries Process	M	Audit Opinion Review	2	-
IT Governance	H	Audit Opinion Review	-	CST (ICT) – R1
Data Governance	H	Audit Opinion Review	-	-
Project Management Office Administration	M/H	Audit Opinion Review	2	-
Corporate Governance				
Embedding Corporate Governance	H	Advice & Guidance	2	-
Information Governance Group & Support	M	Advice & Guidance	2	SRR – Pg 8
Cyber Security Group & Support	M	Advice & Guidance	2	-
Data Protection Group & Support	M	Advice & Guidance	2	-
Governance Group & Support	M	Advice & Guidance	2	-
Audit Committee & Support	N/A	Advice & Guidance	N/A	-
Counter Fraud Arrangements				

Appendix 1 – Detailed Audit Services Plan 2023-24

DERBYSHIRE County Council

Corporate Risks and Activities – 934 Days have been allocated over the following areas				
Audit Area	**Risk**	**Audit Type**	**Council Plan Priorities**	**Risk Register**
External Audit Liaison	N/A	Advice & Guidance	N/A	-
National Fraud Initiative	M	Counter Fraud & Investigations	2	CST (Finance) - R30
National Anti-Fraud Network	M	Counter Fraud & Investigations	2	CST (Finance) - R30
Ripa Management & Admin	M	Counter Fraud & Investigations	N/A	
Counter Fraud and Audit Investigations	H	Counter Fraud & Investigations	2	CST (Finance) - R30
Strategic Management and Development of the Unit				
Strategic Management (Audit)	N/A	Internal Development	N/A	N/A
Strategic Management (Risk & Insurance)	N/A	Internal Development	N/A	N/A
Assurance Mapping	N/A	Audit Assurance Review	N/A	N/A
Audit Data Analytics	N/A	Audit Assurance Review	N/A	N/A
Audit Case Management System	N/A	Internal Development	N/A	N/A
Audit Contingency				
Audit Planning Contingency	N/A	Audit Contingency	N/A	N/A

Appendix 1 – Detailed Audit Services Plan 2023-24

Corporate Services and Transformation – 690 Days have been allocated over the following areas				
Audit Area	**Risk**	**Audit Type**	**Council Plan Priorities**	**Risk Register**
Departmental Review Management & Administration	M	Audit Opinion Review	2	-
Themed and Operational				
Business Continuity Planning - Corporate Response	H	Audit Opinion Review	-	-
Business Continuity Planning - ICT	H	Audit Opinion Review	-	CST – R3
CST Dept. IT Systems				
SAP System & Processes	H	Audit Opinion Review	-	CST – R6
Corporate Database Review	H	Audit Opinion Review	-	-
Network Infrastructure Review	H	Audit Opinion Review	-	CST – R54
Server Infrastructure Review	H	Audit Opinion Review	-	CST – R53
Bacs Payment System Review	M	Audit Opinion Review	2	CST (ICT) - R11
E-Procurement Review	M	Audit Opinion Review	2	CST (Finance) - R39
Web Site Development	M	Audit Opinion Review	-	CST – R32
DBS Employment Check IT System	M	Audit Opinion Review	-	-
CST IS Contracts, Processes and General				
Software Licensing	M	Audit Opinion Review	2	-
Divisional Activity - Core Financial Systems (CST)				
Core Financial Systems - General Queries	N/A	Advice & Guidance	N/A	CST (Finance) - R5 & R6

Appendix 1 – Detailed Audit Services Plan 2023-24

DERBYSHIRE County Council

Corporate Services and Transformation – 690 Days have been allocated over the following areas				
Audit Area	**Risk**	**Audit Type**	**Council Plan Priorities**	**Risk Register**
Human Resources Management	H	Audit Opinion Review	2	CST – R62
Accounts Payable	M	Audit Opinion Review	2	CST (ICT) - R11
Corporate Purchasing	H	Audit Opinion Review	2	CST (Finance) - R39
Accounts Receivable	M	Audit Opinion Review	2	CST – R1
Accountancy, Budgetary Control and Financial Resilience	H	Audit Opinion Review	2	CST (Finance) - R1
Pensions and Funds Management	M/H	Audit Opinion Review	2	-
Divisional Activity - Probity and Compliance (CST)				
HM Revenue & Customs Compliance	M	Audit Opinion Review	2	-
Financial Regulations & Standing Orders	N/A	Advice & Guidance	2	CST (Finance) - R18
Insurance & Risk Management	H	Audit Opinion Review	2	CST (Finance) - R9 to R17
Divisional Activity - County Property Division (CST)				
Property Services Review	H	Audit Opinion Review	2 & 4	CST – R9
Property Contractor Management	H	Audit Opinion Review	2 & 4	CST – R2
External Grants, Certifications and Assurance Work				
CST Department Grants & Certifications	M/H	Audit Assurance Review	2	-

Appendix 1 – Detailed Audit Services Plan 2023-24

DERBYSHIRE County Council

Corporate Services and Transformation – 690 Days have been allocated over the following areas				
Audit Area	**Risk**	**Audit Type**	**Council Plan Priorities**	**Risk Register**
Ukraine Family Support	M/H	Audit Assurance Review	2 & 3	-
Resource Led Reviews				
Council and Business Rates Administration	M	Audit Assurance Review	N/A	-
Registration Service Audit Review	M	Audit Opinion Review	N/A	CST – R16
Health, Safety and Wellbeing Review	M	Audit Opinion Review	1 & 2	CST – R1

Appendix 1 – Detailed Audit Services Plan 2023-24

DERBYSHIRE County Council

Children's Services – 285 Days have been allocated over the following areas				
Audit Area	**Risk**	**Audit Type**	**Council Plan Priorities**	**Risk Register**
Departmental Review - Management & Administration (CS)				
Children's Services - Departmental Review	M	Audit Opinion Review	2	CS – R2
External Grants, Certifications and Assurance Work				
CS Department Grants and Certifications	M/H	Audit Assurance Review	2	-
Schools Financial Value Standard (SFVS) Returns	M	Audit Assurance Review	2	-
Supporting Families Programme	L	Audit Assurance Review	1 & 3	CS – R48
Operational Reviews (CS)				
Children in Care Placements	H	Audit Opinion Review	1 & 2	CS – R5
Management of Service Demands	H	Audit Opinion Review	1, 2 & 3	CS – R33/40
Administration of Children's Homes	M/H	Audit Opinion Review	2	CS – R34
Review of Traded Services	M	Audit Opinion Review	2	CS – R57
Primary Schools				
Thematic School Reviews	M/H	Audit Assurance Review	2	CS – R3
Primary School General Queries	M	Advice & Guidance	N/A	-
CS IT Systems				
Early Years and Education Management Information System	M	Audit Opinion Review	3	CS – R13
School Management Information System (RM Integris)	M/H	Audit Opinion Review	2	CS – R13
CS IS Contracts, Processes and General				
CS IT/IS General Support	N/A	Advice & Guidance	N/A	-
Resource Led Reviews				
Looked After Children/Care Leavers	H	Audit Opinion Review	1, 2 & 3	CS – R12

Appendix 1 – Detailed Audit Services Plan 2023-24

DERBYSHIRE County Council

Children's Services – 285 Days have been allocated over the following areas				
Audit Area	**Risk**	**Audit Type**	**Council Plan Priorities**	**Risk Register**
Special Educational Needs	H	Audit Opinion Review	3	CS – R12
Adult Community Education	M	Audit Opinion Review	3	-
Management of S106 Income	M/H	Audit Opinion Review	2	CS – R44
Chapel-en-le-Frith High School	M	Audit Opinion Review	2	CS – R3
Whittington Green School	M	Audit Opinion Review	2	CS – R3
Parkside Community School	M	Audit Opinion Review	2	CS – R3
Dronfield Henry Fanshawe School	M	Audit Opinion Review	2	CS – R3
Tibshelf Community School - A Specialist Sports College	M	Audit Opinion Review	2	CS – R3

Appendix 1 – Detailed Audit Services Plan 2023-24

Adult Social Care and Health – 245 Days have been allocated over the following areas				
Audit Area	**Risk**	**Audit Type**	**Council Plan Priorities**	**Risk Register**
Departmental Review - Management & Administration (AC)				
Adult Social Care and Health Departmental Review	M	Audit Opinion Review	1 & 2	ASCH – R1
Public Health Review	M/H	Audit Opinion Review	1, 2 & 3	ASCH – R8/10
Operational Reviews (AC)				
Review of Quality Assurance Framework	M	Audit Opinion Review	1, 2 & 3	ASCH – R3
Safeguarding of Adults	H	Audit Opinion Review	2 & 3	ASCH – R4
Administration of Care Establishments	M	Audit Assurance Review	2	ASCH – R31
ASC&H IT Systems				
Mosaic Client Management	H	Audit Assurance Review	1, 2 & 3	-
Imprest System	M	Audit Assurance Review	2	-
Derbyshire Shared Care Record	H	Audit Assurance Review	1, 2 & 3	-
ASC&H Contracts, Processes and General				
ASC&H IT/IS General Support	N/A	Advice & Guidance	N/A	-
External Grants, Certifications and Assurance Work				
ASC&H Department Grants and Certifications	M/H	Audit Assurance Review	2	-
Resource Led Reviews				
Direct Care	M/H	Audit Opinion Review	2	-

Appendix 1 – Detailed Audit Services Plan 2023-24

Place Department – 183 Days have been allocated over the following areas				
Audit Area	**Risk**	**Audit Type**	**Council Plan Priorities**	**Risk Register**
Departmental Review - Management & Administration (PL)				
Place - Department Review	M	Audit Opinion Review	2	-
Operational Reviews (PL)				
Concessionary Fares	M/H	Audit Opinion Review	2	-
Regeneration	H	Audit Opinion Review	4	Place – R7
Local Transport Capital Funding Grant	M/H	Audit Opinion Review	2 & 4	-
Inspection and Control of Highway Assets	H	Audit Opinion Review	4	Place – R14
Public Library Service	M/H	Audit Opinion Review	1 & 2	Place – R28/29
Derbyshire Records Office & Records Management	M	Audit Opinion Review	2	Place – R26
D2N2 LEP (VP044)	M	Audit Opinion Review	2	-
Place Dept. IT Systems				
Fleet Management System	M	Audit Opinion Review	2 & 4	Place – R3
Waste Management Accounting System	H	Audit Opinion Review	1, 2 & 4	Place – R14
Place IS Contracts, Process and General				
IT/IS General Support	N/A	Advice & Guidance	N/A	-
External Grants, Certifications and Assurance Work				
Place Department Grants and Certifications	M/H	Audit Assurance Review	2	-
Resource Led Reviews				
Review of Waste Management	H	Audit Opinion Review	1, 2 & 4	Place – R3
Public Transport & Taxi Contracts	H	Audit Opinion Review	1 & 2	Place – R22
Trading Standards	M	Audit Opinion Review	1, 2 & 3	Place – R16

Appendix 1 – Detailed Audit Services Plan 2023-24

DERBYSHIRE County Council

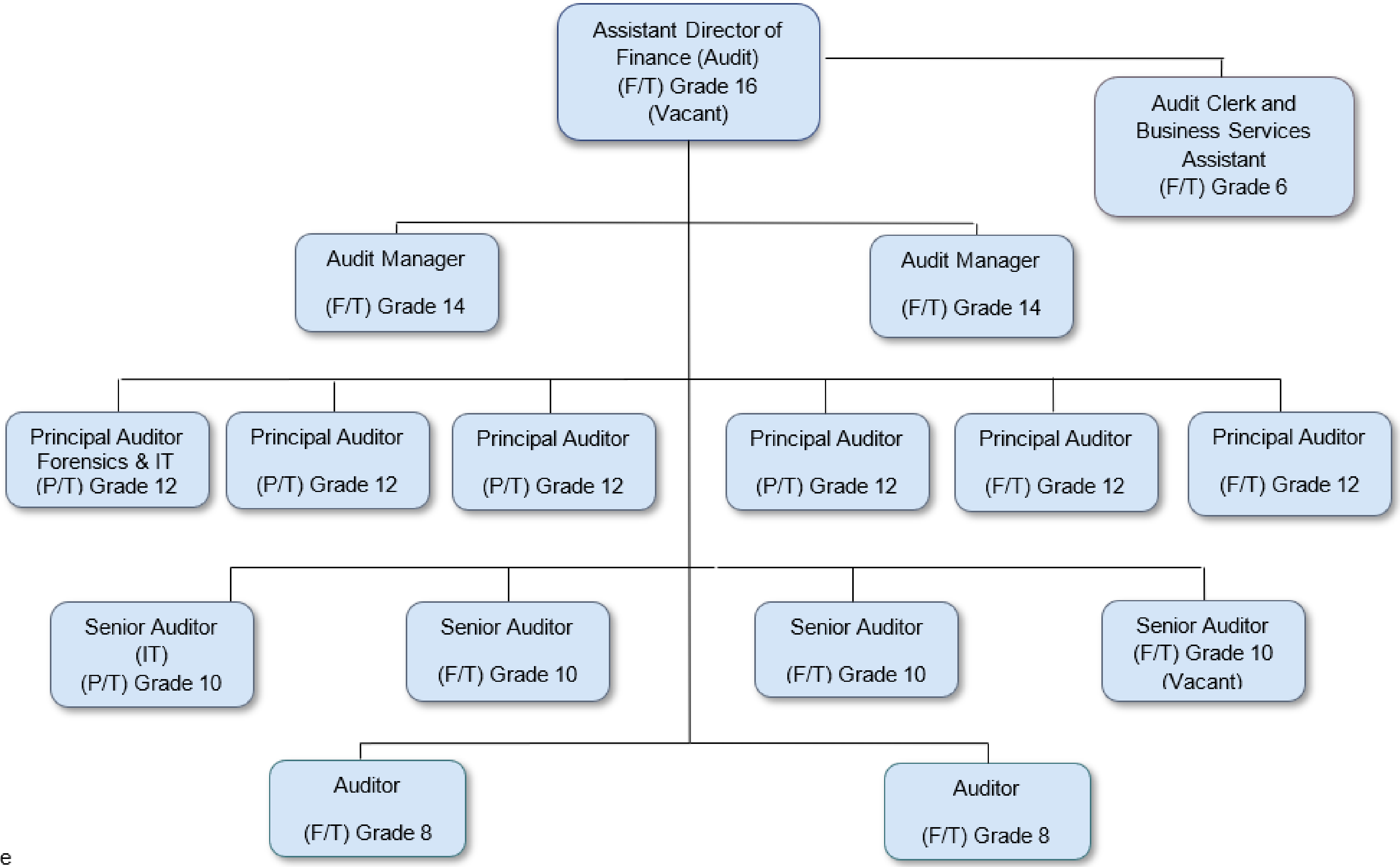
Key to Level of Risk: H - High, M - Medium, L – Low

Council Plan Priority

1	Resilient, healthy and safe communities
2	High performing, value for money and resident focused services
3	Effective early help for individuals and communities
4	A prosperous and green Derbyshire

Appendix 2 – Audit Services Staffing Structure

DERBYSHIRE
County Council



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<u>Note</u>

(F/T) = Full-Time Working

(P/T) = Part-Time Working

Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 March 2023

Report of the Audit Managers

Annual Internal Audit Plan 2023-24

1. Purpose

1.1 To present to Members for consideration and approval the proposed Internal Audit Plan for 2023-24.

2. Information and Analysis

2.1 The Audit Services Plan is designed to provide assurance that the significant risks identified as part of the risk assessment process are being managed effectively and, where appropriate, to make recommendations for improvements in overall control, efficiency and effectiveness.

2.2 The Audit Services Plan has been formulated in accordance with the Internal Audit Strategy and informed by our risk assessment drawn from a wide range of sources including:-

- Council Plan
- Council's Strategic Risk Register
- Departmental Risk Registers
- Meetings with Corporate Management Team, Executive Directors and Directors including the Head of Paid Service, Section 151 Officer and Monitoring Officer
- Audit Assurance Mapping Exercise

- Previous cyclical Audit work, knowledge of systems, controls and follow up of previous Audit recommendations
- Proactive fraud work
- External Audit
- Sector knowledge and emerging risks.

2.3 As the Council continues to face significant budget challenges and restrictions upon service delivery, Audit Services resources are not immune from these pressures. As part of the Corporate Services and Transformation departmental savings targets for 2023-24, two Auditor positions have been removed from the establishment, which has impacted the overall available days available this year by 435 days. This will be a challenge for the Unit to ensure that key assurance and compliance work is delivered, as it will have a direct impact on the level of assurance work that will inform the Head of Internal Audit (HIA) opinion in the 2023-24 Annual Audit Report. Although steps have already been taken to mitigate against the reduction in staff resources, including the transition to an agile approach to Audit planning, the impact on the 2023-24 Plan will be closely monitored.

2.4 As part of the Unit's continual improvement process, it is essential that all Audit staff are not only provided with the right skills and tools to deliver the service, but also build resilience into the team. As part of this year's MyPlan process, all Auditors will complete a skills evaluation to identify operational gaps and training requirements, to deliver on the Unit's objectives including the introduction of data analytics.

2.5 The revised Audit staffing structure enables the deployment of **2,337** Audit days in 2023-24, which has been calculated using current and estimated resources. Several assumptions have been made in this calculation and updates will be provided to Members on available resources as part of regular reporting on the achievement of the Audit Services Plan throughout the year.

2.6 Throughout 2023-24 the Audit Services Plan will be continually reviewed to ensure that it remains aligned with significant risks whilst flexible to respond to changes in risk, operations, systems and controls. Any amendments will be identified through Assurance Mapping, Audit Services' ongoing liaison and discussions with the Audit Committee, Corporate Management Team, Executive Directors, Directors and Senior Managers. Progress against the approved Audit Plan will continue to be monitored and regularly reported to the Audit Committee.

2.7 Mazars LLP are the Council's appointed External Auditors and Audit Services will work with them in accordance with the agreed External and Internal Audit Protocol.

2.8 The Audit Services Plan is attached at Appendix 2 to this Report and details Audit Services' coverage across corporate activities and in departments. The Plan identifies the perceived level of risk and the expected outcomes of Audit work. Timetabling of the individual projects will continue to be agreed with Senior Management on an ongoing basis throughout the year.

2.9 Annual Internal Audit Opinion – We have aligned the Plan based on the reduced resources available to maximise the Audit coverage over the Council's key service areas and assurance obligations including grant certifications. However, any potential impact on the ability of the Head of Internal Audit to prepare the Annual Audit Opinion, as a result of sufficient audit work being undertaken, will be continually monitored and reported as part of the regular progress reports to Audit Committee.

3. Consultation

3.1 No consultation is required.

4. Alternative Options Considered

4.1 The Council has a duty under the PSIAS to prepare an annual Internal Audit Plan. Therefore, no alternative options have been considered.

5. Implications

5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

6. Background Papers

6.1 File held electronically by Audit Services.

7. Appendices

7.1 Appendix 1 – Implications

7.2 Appendix 2 – Audit Plan

8. Recommendation(s)

That Committee:

a) consider and endorse the approach taken to create the proposed Draft Internal Audit Plan for 2023-24

b) note that the Plan may be subject to amendment in response to emerging risks

c) subject to these comments, approve the draft Audit Services Plan which is attached at Appendix 2.

9. Reasons for Recommendation(s)

9.1 Audit Committee is required to approve the Annual Audit Plan for the Council.

Report Author: **Daniel Ashcroft & Philip Spencer**
Contact details: **daniel.ashcroft@derbyshire.gov.uk**
philip.spencer@derbyshire.gov.uk

Appendix 1

Implications

Financial

1.1 Costs associated with the proposed plan will be met from the approved Internal Audit Budget.

Legal

2.1 The Audit Services Unit discharges the Council's statutory responsibilities under Regulation 5 of the Accounts & Audit Regulations 2015 and significant aspects of the Director of Finance & ICT's statutory duties under Section 151, Local Government Act 1972.

2.2 The Public Sector Internal Audit Standards require that the Assistant Director of Finance (Audit), as Head of Internal Audit (HIA), 'must deliver an annual audit opinion and report that can be used' to inform the Council's Annual Governance Statement. This opinion must reflect the work done during the year and 'must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control'. In providing this opinion it is necessary to summarise the main findings and conclusions from Audit work together with any specific concerns the HIA has.

Human Resources

3.1 The Public Sector Internal Audit Standards require that the Assistant Director of Finance (Audit), as Head of Internal Audit (HIA), ensures that internal audit resources are effectively deployed to achieve the risk-based plan.

Information Technology

4.1 None

Equalities Impact

5.1 None

Corporate objectives and priorities for change

6.1 The Council is committed to ensuring good governance and compliance with applicable laws and regulations.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None

DERBYSHIRE County Council

Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 March 2023

Report of the Director of Finance and ICT

Corporate Risk Management Update (2022-23 Quarter 3)

1. Purpose

1.1 To receive an update on current risk management issues, and to review the Council's strategic risk register.

2. Information and Analysis

2.1 This report covers updates to the council's strategic risk register up to the end of Quarter 3 (31 December 2022).

2.2 Commentators now observe that organisations, including local authorities, must learn to operate in a state of 'permacrisis'. This is where the management of uncertainties arising from concurrent major events ('poly-crises'), for which there's no definitive solution, is becoming the norm. Vital to handling 'permacrisis' in the future will be strong risk identification and foresight, building preparedness and resilience in the Council, with its partners and in local communities.

2.3 The corporate management team continues to keep under review the breadth of these uncertainties facing the council. These were summarised in the Corporate Risk Management Update (2022-23 Quarter 2). While most of these uncertainties remain unchanged, there has been some change in the current quarter, specifically:

- National political stability settling the financial markets and policy making in areas affecting local authorities.
- Some movement in addressing widespread industrial action across the public sector.

2.4 The Council initiated its service planning updates during 2022-23 Q3 which are now complete, subject to Council approval on 22 March 2023. Consideration of risk was a key factor in decision making, and all departmental plans now show the main risks for each planned deliverable. These risks will be reflected in updated departmental risk registers and actively managed by risk owners, with regular review by departmental management teams.

2.5 Careful management of financial risk will be a key theme going into 2023-24 and beyond. The Revenue Budget Report 2023-24, approved by Cabinet on 2 February 2023, describes the challenging context for the Council's financial planning which includes:

- A period of high inflation which is impacting energy, food and contract costs.
- A cost-of-living crisis which is impacting on local communities.
- Uncertainty in respect of pay awards and challenges in respect of recruitment and retention across the sector.
- Continuing demand for Council services, particularly in respect of social care.
- Uncertainty of funding for local authorities over the medium to longer term, as the government's Provisional Settlement has not provided a true multi-year settlement once again which affects the Council's ability to balance its budget across the medium term.

2.6 The Council's sound financial management over many years has allowed it to successfully manage its financial risks, and to deliver a balanced budget again in 2023-24 using some of the additional flexibility provided by government in setting a higher Council Tax next year. However, the context outlined above will still make 2023-24 and subsequent years very challenging, especially if additional government funding is not forthcoming from 2024-25.

2.7 Although the General Reserve will remain strong in 2023-24, departments have been advised to plan on the basis that they cannot rely on this to offset year end overspending. The risk management budget (used to help manage some longer-term risk and pressures) will not be funded in 2023-24, with any fluctuations managed in-year using other reserves where it is appropriate to do so. Also, achieving the planned balanced budget in each year of the five-year financial plan (FYFP) is reliant on successfully delivering a challenging programme of budget savings. Any slippage will put further pressure on reserves.

2.8 As noted in the last report. Substantial work is continuing to improve the cyber-resilience of council ICT systems to meet more stringent cyber insurance market requirements. In the meantime, the council is currently self-insuring against cyber-risk.

3. Strategic Risk Register (2022-23 Quarter 3 update)

3.1 The strategic risk register includes those risks which could have a significant impact on the Council's ability to deliver its services and objectives. These are now defined as Major Risks (Red and Amber) which score 8 and above, and therefore subject to active monitoring and control.

3.2 A summary of risks on the current strategic risk register is shown in Table 1. The full register is shown at Appendix 2, with the Q3 update for each risk shown in purple text.

Table 1 – Summary of current strategic risks (2022-23 Q3)

Risk description	Risk owner	Target score	Latest score	Change (from previous quarter)
Impact of a prolonged recovery and a funding gap	Paul Stone	Amber	Red (Q3)	No change
Increase in demand on Council services	Iain Little	Amber	Red (Q3)	No change
Failure to deliver critical services in emergency situations	Chris Henning	Amber	Amber (Q3)	On target
Failure to have adequate emergency response arrangements in place	Chris Henning	Amber	Amber (Q3)	On target
Supply chain failure	Paul Stone	Green	Red (Q3)	No change
Failure to achieve value for money for the Council's New Waste Treatment Facility; and failure to re-commission the facility and secure long-term operation	Chris Henning	Blue	Red (Q3)	No change
Information governance	Paul Stone	Amber		No update
Adapting to climate change	Chris Henning	Amber	Red (Q3)	No change
Protection of vulnerable adults	Helen Jones	Amber	Red (Q3)	No change
Protection of vulnerable children	Carol Cammiss	Amber	Amber (Q3)	On target
Maintenance of property assets	Dave Massingham	Amber	Red (Q3)	No change
Inability to maintain Highways and Countryside assets to an appropriate standard	Chris Henning	Green	Red (Q3)	No change
Failure to understand or respond adequately to new or changing legislation and regulation	Helen Barrington	Amber		No update

3.3 The scores for all risks on the register remain unchanged from 2022-23 Q2.

3.4 Seven risks have been Red for six successive quarters (18 months or more) up to the end of 2022-23 Q3. These risks are indicated in orange in the ‘risk description’ column in Table 1.

3.5 There are two further Red risks (currently scored to the end of 2021-22 Q4) which could tip into six successive quarters if remaining Red in 2022-23 Q3. Updates have been requested from the relevant teams. These risks are:

- Information governance
- Failure to understand or respond adequately to new or changing legislation and regulation

3.6 There are two overall scores shown for each risk in 2021-22 Q2 in Appendix 2. This is because a new scoring methodology was introduced in September 2021 to give greater weight to risk impact. The scores are shown using both the old and new methodology for comparison and continuity purposes.

3.7 Details on how risk impact and likelihood are assessed are included for information at the end of Appendix 2.

4. Alternative Options Considered

4.1 This is a regular report on progress with managing strategic risks and implementation of the corporate risk management strategy.

5. Implications

5.1 Implications are discussed in Appendix 1.

6. Consultation

6.1 The information in Appendix 2 was provided by risk owners.

8. Background Papers

8.1 Electronic files held by Risk and Insurance management, Finance & ICT Services, County Hall Complex.

9. Appendices

9.1 Appendix 1 – Implications.

9.2 Appendix 2 – Strategic Risk Register.

10. Recommendations

10.1 That the Audit Committee notes this report.

11. Reasons for recommendations

11.1 The Audit Committee is charged with providing assurance of risk management within the Council.

Report Authors:	**Contact details:**
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Tony Kearsey Interim Risk & Insurance Manager	tony.kearsey@derbyshire,gov.uk

<u>Implications</u>

Financial

1.1 Financial implications in relation to specific risks are noted in the strategic risk register where applicable.

Legal

2.1 Legal implications in relation to specific risks are noted in the strategic risk register where applicable.

Human Resources

3.1 Human Resources implications in relation to specific risks are noted in the strategic risk register where applicable.

Information Technology

4.1 Information technology implications in relation to specific risks are noted in the strategic risk register.

Equalities Impact

5.1 Equalities impact implications in relation to specific risks are noted in the strategic risk register where applicable.

Corporate objectives and priorities for change

6.1 The strategic risk register and corporate risk management strategy underpin the successful delivery of the Council's objectives and deliverables set out in the Council Plan and service delivery plans.

6.2 The corporate risk management strategy is designed to strengthen risk management arrangements to underpin improved performance across the Council, and to deliver greater public value from its work.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 All other implications in relation to specific risks are noted in the strategic risk register where applicable.

Appendix 2

STRATEGIC RISK REGISTER

Report period:	2022-23	Q3
Report date:	31 January 2023	

This is the Derbyshire County Council strategic risk register.

The Corporate Risk Management Strategy 2021-2025 (v3.1) states that corporate risks scoring 12 and above are deemed ‘strategic’ and included in the strategic risk register. These are risks with the greatest potential negative impact on the Council.

Change to scoring from September 2021

The risk impact scoring table changed in September 2021 (2021-22 Q2) to give greater weight to the ‘Impact’ score. Prior to this, risks scoring 15 and above were deemed ‘strategic’ risks. The pre- and post-September 2021 risk scoring matrices are shown in Appendix 2A and Appendix 2B.

The individual risk summaries in the register below show two 2021-22 Q2 scores. This quarter was scored using both methods to provide continuity of trend data pre- and post-September 2021.

Scoring history (trend)

Historic scoring data is shown from when risks were first included in the register. During 2021-22 some risks were split into component parts and/or wording amended to provide greater clarity. Trend data for these risks have been retained, except where the risk focus has changed sufficiently to make comparison with prior scores less useful.

Risk updates

Textual changes and updates since the last report are shown in **Purple**. Some risks which recently changed to have a score below 12 have been retained on the register for information.

Summary of strategic risks

Risk description	Risk owner	Target score	Latest score	Change (since previous quarter)	Page
Impact of a prolonged recovery and a funding gap	Paul Stone	Amber	Red (Q3)	No change	3
Increase in demand on Council services	Iain Little	Amber	Red (Q3)	No change	7
Failure to deliver critical services in emergency situations	Chris Henning	Amber	Amber (Q3)	On target	9
Failure to have adequate emergency response arrangements in place	Chris Henning	Amber	Amber (Q3)	On target	12
Supply chain failure	Paul Stone	Green	Red (Q3)	No change	15
Failure to achieve value for money for the Council's New Waste Treatment Facility; and failure to re-commission the facility and secure long-term operation	Chris Henning	Blue	Red (Q3)	No change	19
Information governance	Paul Stone	Amber		Update requested for 2022-23 Q4	21
Adapting to climate change	Chris Henning	Amber	Red (Q3)	No change	24
Protection of vulnerable adults	Helen Jones	Amber	Red (Q3)	No change	28
Protection of vulnerable children	Carol Cammiss	Amber	Amber (Q3)	On target	32
Maintenance of property assets	David Massingham	Amber	Red (Q3)	No change	35
Inability to maintain Highways and Countryside assets to an appropriate standard	Chris Henning	Green	Red (Q3)	No change	38
Failure to understand or respond adequately to new or changing legislation and regulation	Helen Barrington	Amber		Update requested for 2022-23 Q4	43

Risks recently removed from the Strategic Risk Register:

Risk description	Risk owner	Target score	Last score	Status	Page
Effective change management	Jen Skila	Green	Green (Q4)	Under review	45
Ineffectual workforce planning	Jen Skila	Green	Green (Q4)	Under review	48

Risk Description	**Impact of a prolonged recovery and a funding gap**					
	In the event that the Authority does not develop sufficient and timely proposals to deal with the ongoing or further reductions in funding/resources, there is a risk that the need to close the funding gap may result in identifying measures for unplanned reductions in service spend leading to deterioration or interruption of front line service delivery.					
Risk Owner	**Peter Handford**	Director of Finance & ICT				
Last update	Period:	2022-23 Q3	Date:	19 December 2022		
Target (score)	AMBER (8) by tba	Probability:	Probable (4)	Impact:	Moderate (2)	
Current (score)	**RED (20)**	Probability:	Almost Certain (5)	Impact:	Extremely High (4)	

Assessment history										
	2021-22	Q1	Q2 (Pre-Sep 2021) / Q2 (Post-Sep 2021)	Q3	Q4	2022-23	Q1	Q2	Q3	Q4

Other	**Reputation impact assessment**	MODERATE	**Financial impact assessment**	Band 8
Progress update	The Council has updated its Five-Year Financial Plan alongside the setting of the Revenue Budget 2022/23 in February 2022. The update reflects the outcomes of the Spending Round 2021 and the Local Government Finance Settlement 2022/23. There is a significant commitment in the Council's 2022/23 Revenue Budget to provide an additional £29m of ongoing funding and £17m to support service pressures. Given the severity of the impact on Government finances of the response to the Covid-19 pandemic, the EU Exit, local government devolution and delays to the Fair Funding and Business Rates Reviews, consideration has been given to the longer- term financial sustainability of the Council in setting its 2022/23 budget. The Revenue Budget 2022-23 included a £3.7m contingency to support departmental service pressures. There is a continued reliance on the achievement of a programme of budget savings.			

	Within the Contingency budget £1m has been set-aside for increased costs due to inflation, however the rate of inflation has increased significantly since the budget was set and these costs may exceed the set-aside amount. The current economic climate, relatively high inflation and low growth, some of which can be attributed to global activities such as the effects of the war in the Ukraine, is unlikely to improve in the short-term and will inevitably squeeze the Government's fiscal position. The Spending Review 2021 announced that £3.6bn of £5.4bn of funding for adult social care reform will be routed through local government to implement the cap on personal care. The Provisional Finance Settlement announced on 16 December has failed to provide a multi-year settlement which would have helped to support financial planning and financial sustainability. The revenue and capital budgets for 2022/23 were agreed at Council on 8 February. These continue to be constrained by the availability of funding and continue to rely upon the use of reserves to manage the achievement of the required budget reductions. **2022-23 Q2 Update:** Preparation for 2023-24 budget setting has started early with a Council-wide approach. Detailed work on budget savings has been completed over the summer. CMT Away Day scheduled for October 2022 to focus on budget preparation. Letter sent to Secretary of State with details of inflationary pressures faced by the Council. **2022-23 Q3 Update:** Preparation for 2023-24 budget setting has started early with a Council-wide approach. Detailed work on budget savings has been completed over the summer/autumn, with cost pressures identified and further savings proposals established by departments. The Government's Autumn Statement announced addition funding for social care and the flexibility for local authorities to raise additional income from the Adult Social Care precept. The additional funding and the Council Tax flexibility will be available in both 2023-24 and 2024-25. A two-year financial settlement is expected, however, the 2024-25 allocations will be indicative at this stage.		
Controls	**Description**	**Status**	**Owner**
	Five-Year Financial Plan is updated at least annually and following key Government announcements e.g. Spending Rounds. In addition to this, the Council's Financial Strategy has been revised and updated, and was	In place/embedded	E Scriven

Page 411	approved by Cabinet on 9 September 2021. The Strategy sets out a framework in which the Council manages its financial resources.		
	Departmental budget reductions programmed developed together with a plan of lead-in times for consultation, where appropriate and the identification of workforce reductions.	In place/embedded	P Stone
	Budget Management Strategy Group established to ensure a cohesive approach to the monitoring of departmental budget saving targets, associated consultation activity and budget setting procedures. Departmental representatives following agreed terms of reference are meeting at least monthly with an expectation that the frequency of meetings will be more regular during the budget setting period. In addition, the Capital Strategy Group oversee the capital bids process and monitoring of the capital programme.	In place/embedded	P Stone
	Budget Monitoring Policy ensures that there is regular reporting to SMTs and Members. The Director of Finance meets with Executive Directors and Cabinet Members to discuss the latest monitoring position. The position is reported to Cabinet and Council on a quarterly basis (effective from 1/4/2020) alongside departmental performance information.	In place/embedded	E Scriven
	The Reserves Policy stipulates that the Council's level of reserves will be reviewed at least annually. This includes a projection of the General Reserve balance to ensure that is maintained at an adequate risk assessed level.	In place/embedded	E Scriven
	Positive use of Better Care Fund and alignment of health and social care priorities for integrated working.	In progress/taking effect	H Jones
	Lobby Government in ensuring fair funding for Derbyshire. The Council responds to all key Government consultations in respect of the Funding Review which is currently ongoing.	In progress/taking effect	P Stone

	Consideration is being given to the establishment of countywide lobbying in association with district/borough/city councils, adopting a joined-up approach in respect of priority areas such as social care and homelessness.		
	Monitor the impact of the National Funding Formula for schools and closely monitor the implications of the High Needs Block level of funding ensuring compliance with the revised Government regulations.	In progress/taking effect	S Kerslake
	The budget setting process for 2023/24 commenced in early Summer 2022 to ensure that the Council has early sight of the financial pressures faced in both short and medium-term.	In progress/taking effect	P Stone
	A £15m recovery fund has been established to support the Derbyshire economy and recovery from Covid-19. It is expected that the majority of the scheme will each provide significant benefit to the local economy with a smaller portion for internal recovery, with a further £14.000m made available from 2020/21 underspends.	In progress/taking effect	P Stone

Risk Description	**Increase in demand on Council services** As demand for services changes, the Council may need to adapt the services it currently offers in order to provide the new or additional services. Failing to manage the changes could lead to core services being reduced leading to significant impact upon stakeholders and partnerships; potential litigation; fines; risk of injury or death.									
Risk Owner	**Iain Little**			Deputy Director of Public Health						
Last update	Period:	2022-23 Q3		Date:	30 September 2022					
Target (score)	AMBER (8) by 31 March 2023		Probability:	Probable (4)		Impact:	Moderate (2)			
Current (score)	**RED (16)**		Probability:	Probable (4)		Impact:	Extremely High (4)			
Assessment history	2021-22	Q1	Q2 (Pre-Sep 2021) / Q2 (Post-Sep 2021)	Q3	Q4	2022-23	Q1	Q2	Q3	Q4
Other	**Reputation impact assessment**	HIGH		**Financial impact assessment**	Band 4					
Progress update	Demand Management has been identified as a priority project within the Enterprising Council approach. A report to Enterprising Council Board in May 2021 recommended that demand management is embedded across change management projects and programmes through developing an approach to understand and measuring demand. This will align the work with the Strategic Transformation workstream. An SRO has been identified, and links made to incorporate demand management within work of the Strategic Transformation Programme Management Office. This work is now progressing following previous delays due to capacity pressures caused by the Council's Covid-19 response. A cross-Council working group has been established and met, with a definition and work programme to be proposed to the EC Board in Q1/2 2022/23. **2022-23 Q2 Update:** Work continues to progress through working group.									

	2022-23 Q3 Update: The cross-Council working group continues to meet and has identified next steps to scope existing demand management practice across all departments. Conversations required between SRO and Executive Director to align work of Demand Management workstream with recently established corporate PMO. Scoring reflects increased pressure on Council services due to external factors, including impact of inflationary pressures on Local Authority budgets, and Cost of Living pressures increasing demand on public services.		
Controls	**Description**	**Status**	**Owner**
	SRO identified to lead work.	In place/embedded	J Skila
	Demand management approach agreed.	In place/embedded	I Little
	Embedding of demand management approach within work of Strategic Transformation PMO – for completion by March 2023	In progress/taking effect	I Little/J Skila

Risk Description	**Failure to deliver critical services in emergency situations**									
	The emerging risk environment, the number and type of emergency and the interdependencies of services is increasingly making business continuity or "resilience" a significant focus for the Council. This is a corporate risk across all departments.									
Risk Owner	**Chris Henning**			Executive Director, Place						
Last update	Period:	2022-23 Q3			Date:	3 January 2023				
Target (score)	GREEN (6) by 31 March 2023			Probability:	Unlikely (2)		Impact:	High (3)		
Current (score)	**AMBER (8)**			Probability:	Unlikely (2)		Impact:	Extremely High (4)		
Assessment history	2021-22	Q1	Q2 (Pre-Sep 2021) Q2 (Post-Sep 2021)	Q3	Q4	2022-23	Q1	Q2	Q3	Q4
Other	**Reputation impact assessment**		MODERATE			**Financial impact assessment**		Band 5		
Progress update	The risk description has changed from 'Failure to have adequate business continuity plans in place'. (Note: Assessments rescored from 2021-22 Q2 to reflect this change). The Emergency Plan and Business Continuity Plan are both due to be updated in the near future as part of the Emergency Planning work programme. The Universal Contact List that supports both of these documents has recently been updated in May 2022, this contains the contact information for key officers and stakeholders so that is up to date with any recent changes. A report is to be submitted to CMT to consider how the business continuity management process is carried out going forward. The Council's corporate business continuity plan provides a strategic framework around which staff can work to enable critical functions to be maintained, or quickly restored to minimise any effect on service delivery to the community.									

	The plan concentrates on services provided at County Hall headquarters, Chatsworth Hall, John Hadfield House and Shand House. and identifies priority functions which need to be maintained or restored in order to provide critical services. Further work is being undertaken to look at services provided at other locations, partnership working and external suppliers. There is an established annual programme of training and exercises to ensure staff understand what their roles and responsibilities are, test the effectiveness of the plan and assist with future development. Following a Business Continuity exercise organised by Emergency Planning a revised priority functions spreadsheet for all service areas is in place. The document ensures that heads of service are actively considering and documenting their business continuity arrangements. The priority functions spreadsheet needs to be revisited throughout the year; the previous version was completed in Nov 2020. Following the outbreak of the coronavirus, the Council has engaged in significant scenario planning across all departments to ensure that the Council is equipped to respond to ensure continuity of services on a priority basis. Directorates providing key services should have up to date service area plans detailing how they will continue/or resume critical services. An audit of these needs to be undertaken to ensure that there are plans and that they are up to date. The corporate business continuity priority functions spreadsheet needs to be revisited throughout the year; the previous version was completed in Nov 2020. The plan has been used during the response to Covid-19 however the plan has not been exercised since October 2019. Concern has been raised as to whether directorates/service areas have in place local service area plans and/or how up to date they are, and the adequacy of these. A review of how business continuity planning is resourced needs to be undertaken to ensure that it is adequately resourced. The revised scoring was proposed following a meeting with the Risk & Insurance Manager and Emergency Planning Manager.

	2022-23 Q2 Update: No change to the risk this quarter. **2022-23 Q3 Update:** No change to the risk this quarter.		
Controls	**Description**	**Status**	**Owner**
	Corporate Business Continuity Plans updated and tested on an annual basis. Plan is held on an external resilient portal (ResilienceDirect) to which staff with identified roles and responsibilities have access.	In place/embedded	E Partington
	In the event of an emergency, the Business Continuity Management Team (key strategic corporate staff) will meet at appropriate intervals to agree the strategic objectives and task the Business Continuity Support Team in order to ensure an effective co-ordinated response.	In place/embedded	J Skila
Page 417	Departments hold in-depth reviews of their continuity arrangements to ensure key services can continue.	In progress/taking effect	J Skila
	ICT and procurement to work with departments to ensure systems procured provide resilience.	In progress/taking effect	T Gerrard
	Cross departmental working in place to support key areas. Skills and training identified.	In progress/taking effect	E Crapper
	Business Continuity Policy – May 2018	In progress/taking effect	E Partington

Risk Description	**Failure to have adequate emergency response arrangements in place**									
	The Council's ability to provide an effective response to an emergency situation, including major incidents such as severe weather (e.g. climate change-based flooding), fire, loss of utilities or pandemics, whilst maintaining its critical services to the public. The emerging risk environment, the number and type of emergencies is increasingly making continuity or "resilience" a significant focus for the Council. Budget cuts and rationalisation (including resourcing reductions) also challenge the Council in its ability to fulfil its Category 1 Responder statutory duty under the Civil Contingencies Act 2004.									
Risk Owner	**Chris Henning**			Executive Director, Place						
Last update	Period:	2022-23 Q3			Date:	3 January 2023				
Target (score)	AMBER (8) by 30 June 2022			Probability:	Unlikely (2)		Impact:	Extremely High (4)		
Current (score)	**AMBER (8)**			Probability:	Unlikely (2)		Impact:	Extremely High (4)		
Assessment history	2021-22	Q1	Q2 (Pre-Sep 2021) Q2 (Post-Sep 2021)	Q3	Q4	2022-23	Q1	Q2	Q3	Q4
Other	**Reputation impact assessment**		HIGH			**Financial impact assessment**		Band 5		
Progress update	The emergency response arrangements are under review to ensure resilience and training for key response staff. This will help enable a new lower target score to be achieved. The Emergency Plan and Business Continuity Plan are both due to be updated in the near future as part of our overall work programme. The Universal Contact List that supports both of these documents has recently been updated in May									

	2022, this contains the contact information for key officers and stakeholders so that is up to date with any recent changes. Under the Civil Contingencies Act (CCA) 2004 the County Council is defined as a Category 1 Responder and therefore has statutory duties placed on it, one of which is to ensure that it has plans in place to respond to an emergency and continue to provide critical services, i.e. emergency planning and business continuity arrangements. The Local Resilience Forum is made up of Category 1 Responders as defined by the CCA. As a Category 1 Responder the Council is jointly responsible for preparing and maintaining Derbyshire LRF's community risk register and ensuring that multi-agency plans are in place to mitigate/respond to the risks/threats identified within it. **2022-23 Q2 Update:** No change to the risk this quarter. **2022-23 Q3 Update:** Systems and processes are in place to respond to incidents on the highway and deal with flooding and business continuity plans are being reviewed and updated.		
Controls	**Description**	**Status**	**Owner**
	Corporate Emergency Plan updated and tested on an annual basis with multi agency training and exercises. Plan is held on an external resilient portal (ResilienceDirect) to which staff with identified roles and responsibilities have access.	In place/embedded	E Partington
	In the event of an emergency, key staff will attend multi agency Strategic Co-ordinating and Tactical Co-ordinating Groups as appropriate. During Covid-19, wherever possible, Strategic Coordinating Group and Tactical Coordinating Group meetings will be held virtually in response to Covid-19 and other major incidents.	In place/embedded	C Henning
	Following emergencies departments review their response with internal debriefs that feed into LRF multi-agency debriefs as appropriate.	In place/embedded	C Henning
	LRF multi-agency risk and capability plans are prepared and maintained by LRF partners to ensure an effective response by responding agencies including the County Council.	In place/embedded	C Henning

Page 420			
	Flood Risk Management Strategy and guidance notes - The flood risk management strategy sets out the Council's actions to help manage flood risk in Derbyshire. It also gives the role of our partners (such as district and borough councils, water companies, parish and town councils). The strategy is divided into 2 parts: • Part 1 provides information about flooding and flood risk - it covers who to call, and how local people can help themselves to become more resilient to the impacts of flooding. • Part 2 covers the more technical details of understanding flood risk in Derbyshire - it has an action plan about how we will manage future risks and get money to cover costs.	In place/embedded	J Gould
	Flood Risk Asset Register - register of structures or features in Derbyshire which are considered to have a significant impact on flood risk and requires permission if any changes are to be made. Owners of assets and features on the asset register must maintain their assets and ensure that they are working fully. The Council has the power to enforce the owners of registered assets to carry out this duty.	In place/embedded	J Gould

Risk Description	**Supply chain failure** Failure to manage contracts effectively could lead to unforeseen increased costs; risk of contracts collapsing; increased carbon footprint.			
Risk Owner	**Peter Handford**	Executive Director of Corporate Services and Transformation		
Last update	Period:	2021-22 Q3	Date:	30 September 2022
Target (score)	GREEN (6) by tba	Probability: Unlikely (2)	Impact: High (3)	
Current (score)	**RED (20)**	Probability: Almost Certain (5)	Impact: Extremely High (4)	

Assessment history	2021-22	Q1	Q2 (Pre-Sep 2021)	Q2 (Post-Sep 2021)	Q3	Q4	2022-23	Q1	Q2	Q3	Q4

Other	**Reputation impact assessment**	HIGH	**Financial impact assessment**	Band 8

Progress update	A Central Contract Management Support Team to improve management of contracts across the Council has been approved and appointments are being made to the team. **2022-23 Q2 Update:** A Principal Procurement Officer has been appointed to lead the Central Contract Management Support Team. She is currently having difficulty recruiting to the vacant posts in the team. **2022-23 Q3 Update:** The Principal Procurement and Compliance Officer is planning and co-ordinating activities to mitigate contract management and compliance risk. However, failure to recruit into the team continues to jeopardise the ability to successfully deliver the team's strategy for the Council.

Controls	**Description**	**Status**	**Owner**
	A guidance document has been produced to ensure departments are aware of their responsibilities to ensure management of business continuity is part of their contract management processes. This document is under review, followed by audit confirmation for general circulation.	Proposed/not yet approved	T Gerrard

Page 422	Proposed introduction of a standardised Contract Management Framework via a Central Management Professional Standards Team across the Council. Work on the Contract Management Framework has begun, using the lengthy guidance documentation (>200 pages) provided by the Cabinet Office.	In progress/taking effect	T Gerrard
	Identification of high value/high risk contracts including partnerships and partners which demand a higher level of contract management. The Contract Tiering Tool released by Cabinet Office has been agreed with risk and audit. Work is currently underway to classify and validate >300 retrospective contracts on the Contracts Register (above £25k). This will inform the Compliance Team of resource levels needed within Business Services for contract management.	In progress/taking effect	T Gerrard
	Understanding the flow of Council goods and services from our suppliers will help mitigate supply chain risk and identify any potential risk to supply and/or costs this should include the manufacturing, movement and storage of goods, right through to order fulfilment. This data should be captured and reported on centrally as part of robust contract/supply chain management. This will form part of the Contract Management Framework and be rolled out when appropriate.	In progress/taking effect	T Gerrard
	Use of an external credit reference agency is proposed as part of contract management activity to check financial standing of providers during the life of the contract. The Council has a contract in place with Experian which is awaiting implementation. Credit checks will form part of the Contract Management Framework which is also recommended by Cabinet Office.	Proposed/not yet approved	T Gerrard

Page 423	Contract & provider knowledge sharing with other councils via the East Midlands Heads of Procurement and the national Public Sector Procurement Working Group. Knowledge and plans are share with other authorities regarding Contract Management. County Procurement are already liaising with Cabinet Office for training that is available and funded by the GCF (Government Commercial Function).	In progress/taking effect	T Gerrard
	Reviewing and updating tender documentation and contracts to identify weaknesses which could contribute towards supply chain failure. No action has yet been taken regarding this risk and it is dependent on other controls and the roll out of the Contract Management Framework.	In progress/taking effect	T Gerrard
	Ensuring Business Continuity Plans are reviewed and tested with providers during the life of the contract as part of robust contract management activity. Once the Business Continuity Plan has been confirmed for issue by Audit, the Business Services can test the plan(s).	In progress/taking effect	T Gerrard
	County Procurement is an active member of the Council's Environmental Sustainability Group. As part of this Group proposals to embed sustainability into Procurement activities are being considered. The Social Value Portal organisation is being on-boarded to deliver sustainability as part of the Social Value framework. A Soft Market Testing exercise is also being undertaken to identify a sustainability partner. The Council's Sustainable Procurement Policy has been approved and published. County Procurement is an active member of the Council's Environmental Sustainability Group. As part of this Group proposals to embed sustainability into Procurement activities are being considered. The Social Value Portal organisation has been on-boarded to begin deliver sustainability as part of the Social Value framework. Pilot projects have been selected and are currently progressing through the procurement process before any added value achieved can be recorded. The Council's	In progress/taking effect	T Gerrard

	Sustainable Procurement Policy has been approved and published. County Procurement are reviewing ways sustainable procurement can be included into specifications and processes.		

Risk Description	**Failure to achieve value for money for the Council's New Waste Treatment Facility; and failure to re-commission the facility and secure long-term operation**									
	Following termination of the Project Agreement with RRS, the Council is now engaged in defending legal action brought by the owners of the debt accrued in the development of the plant. This puts at significant risk to deliver the value for money originally envisaged in the long term waste strategy. Failure to achieve value for money is a significant risk to the Council's budget. Failure to determine the future use of the New Waste Treatment Facility is a significant risk for the long-term waste management strategy, the Council's future economic and environmental sustainability and its reputation.									
Risk Owner	**Chris Henning**			Executive Director, Place						
Last update	Period:	2022-23 Q3		Date:	3 January 2023					
Target (score)	BLUE (2) by tba			Probability:	Unlikely (2)		Impact:	Low (1)		
Current (score)	**RED (16)**			Probability:	Probable (4)		Impact:	Extremely High (4)		
Assessment history	2021-22	Q1	Q2 (Pre-Sep 2021) / Q2 (Post-Sep 2021)	Q3	Q4	2022-23	Q1	Q2	Q3	Q4
Other	**Reputation impact assessment**	HIGH		**Financial impact assessment**	Band 7					
Progress update	RRS has commenced formal court proceedings against the Council and Derby City Council, following termination, in August 2019, of the Project Agreement for the Joint Waste Project, including the waste treatment centre in Derby. The Councils will be defending these proceedings and preparations for the proceedings is underway. The councils need to agree an "estimated fair value" for the facility taking into account all of the costs of rectifying ongoing issues at the facility, and the costs of providing the services to meet the agreed contract standards.									

	Work to determine the condition and capability of the facility is nearing completion and will determine the next steps for the facility. Procurement for services post 2 October 2022, when the Service Continuity Contract expires is almost complete, contracts to be awarded in July 2022. A Work Plan of key actions is in place, resources allocated and are subject to regular review. **2022-23 Q2 Update:** No change to the risk this quarter. **2022-23 Q3 Update:** No change to the risk this quarter.		
Controls	**Description**	**Status**	**Owner**
	A Service Continuity Contract is in place to make sure waste continues to be dealt with, and that recycling centres and waste transfer stations continue to operate. These services are being provided by waste management company Renewi under a short-term contract up to October 2022. The contract includes work to secure, clean and preserve the waste treatment facility.	In place/embedded	C Brailsford
	Joint Waste Contract Management Boards (with Derby City Council) in place and meet regularly to provide strategic leadership.	In place/embedded	C Brailsford
	Internal Waste Project Board is in place and meets monthly.	In place/embedded	C Brailsford
	Specialist advisors (finance; commercial, technical and legal) support the Project Team. The Project Team meets at minimum weekly.	In place/embedded	C Brailsford

<table>
<tr><td rowspan="2">Risk Description</td><td colspan="10">Information governance</td></tr>
<tr><td colspan="10">The Council’s information governance policies, processes and systems insufficiently protect personal, commercial and other sensitive data, leading to potential harm to vulnerable persons, employees and commercial relationships, legal action, financial penalties and reputational damage.</td></tr>
<tr><td>Risk Owner</td><td colspan="3">Peter Handford</td><td colspan="7">Director of Finance and ICT</td></tr>
<tr><td>Last update</td><td>Period:</td><td colspan="4">2021-22 Q4</td><td colspan="2">Date:</td><td colspan="3">30 September 2022</td></tr>
<tr><td>Target (score)</td><td colspan="3">AMBER (9) by tba</td><td colspan="2">Probability:</td><td colspan="2">Possible (3)</td><td colspan="2">Impact:</td><td>High (3)</td></tr>
<tr><td>Current (score)</td><td colspan="3">RED (12)</td><td colspan="2">Probability:</td><td colspan="2">Possible (3)</td><td colspan="2">Impact:</td><td>Extremely High (4)</td></tr>
<tr><td rowspan="2">Assessment history</td><td rowspan="2">2021-22</td><td rowspan="2">Q1</td><td>Q2
(Pre-Sep 2021)</td><td rowspan="2">Q3</td><td rowspan="2">Q4</td><td rowspan="2">2022-23</td><td rowspan="2">Q1</td><td rowspan="2">Q2</td><td rowspan="2">Q3</td><td rowspan="2">Q4</td></tr>
<tr><td>Q2
(Post-Sep 2021)</td></tr>
<tr><td>Other</td><td colspan="2">Reputation impact assessment</td><td colspan="3">HIGH</td><td colspan="3">Financial impact assessment</td><td colspan="2">Band 3</td></tr>
<tr><td>Progress update</td><td colspan="10">This corporate risk is being reformulated by the Director of Finance and ICT to address information governance (incorporating GDPR and cyber resilience).

The risk scores are unchanged until the review is complete, and an informed assessment is made, however the current score reflects the large amount of controls in place.

An implementation plan for The Data Strategy will shortly be provided for approval to centralise legacy flat file data into a secure SharePoint structure.

2022-23 Q2 Update: Update requested from ICT.

2022-23 Q3 Update: Senior leadership changes. This risk will be reviewed and updated for 2022-23 Q4.</td></tr>
<tr><td>Controls</td><td colspan="6">Description</td><td colspan="2">Status</td><td colspan="2">Owner</td></tr>
</table>

Page 428	The ICT Data Architecture function to build out the data use and management guidelines for the Council.	In progress/taking effect	S Oxley
	The data management strategy and a resource requirements report have been considered by CMT and will be presented to Cabinet in June 2022. This will allow the ICT Service to put the resources in place to develop an implementation plan to migrate to SharePoint and implement the advance security options available in the e5 license.	In progress/taking effect	S Oxley
	Staff see a screen each time they logon to the Council's network that lists the key policies that they must read and acknowledge. These same policies are presented to new staff at induction.	In place/embedded	J White
	File counter icon on desktops show staff their documents that are held locally.	In place/embedded	J White
	Information Governance Training is mandatory online training for all council staff, agency staff and temporary staff. It must be completed every 12 months and metrics are presented to the Information Governance Group monthly.	In place/embedded	J White
	ISO27001 certification gives the Council assurance that physical and technical processes are in place to secure and protect data.	In place/embedded	J White
	The council has a robust security incident management system in place which alerts of security vulnerabilities and data breaches. The new Halo system is now live and improvements have been implemented to alert ICT Services of incidents that pertain to malware and phishing incidents.	In place/embedded	J White
	The council has access control on all systems holding data and permissions are reviewed quarterly.	In place/embedded	S Oxley

	The council has a range of technical defences in place to secure the council's Data Centres, server and network architecture, data backups and business continuity plans.	In place/embedded	S Oxley
	All Council issued devices are encrypted and PIN protected to prevent access to data on the hard drive.	In place/embedded	S Oxley

<table>
<tr><td>Risk Description</td><td colspan="10">Adapting to climate change

The Council and County faces a challenge in relation to an increase in extreme weather patterns including increased rainfall, drought, heatwaves and unseasonal weather. This will result in risks of increased frequency of flooding; damage to infrastructure; risk to health, well-being and productivity; water and energy shortages; risks to natural capital; interruption of food production and trade; new and emerging pests, diseases and plant and animal species. Climate change around the world is likely to result in mass migration of people.</td></tr>
<tr><td>Risk Owner</td><td colspan="4">Chris Henning</td><td colspan="6">Executive Director Place</td></tr>
<tr><td>Last update</td><td>Period:</td><td colspan="4">2022-23 Q3</td><td colspan="2">Date:</td><td colspan="3">3 January 2023</td></tr>
<tr><td>Target (score)</td><td colspan="3">AMBER (9) by 31/03/2030</td><td colspan="2">Probability:</td><td colspan="2">Possible (3)</td><td colspan="2">Impact:</td><td>High (3)</td></tr>
<tr><td>Current (score)</td><td colspan="3">RED (16)</td><td colspan="2">Probability:</td><td colspan="2">Probable (4)</td><td colspan="2">Impact:</td><td>Extremely High (4)</td></tr>
<tr><td>Assessment history</td><td>2021-22</td><td>Q1</td><td>Q2
(Pre-Sep 2021)
Q2
(Post-Sep 2021)</td><td>Q3</td><td>Q4</td><td>2022-23</td><td>Q1</td><td>Q2</td><td>Q3</td><td>Q4</td></tr>
<tr><td>Other</td><td colspan="3">Reputation impact assessment</td><td colspan="2">HIGH</td><td colspan="3">Financial impact assessment</td><td colspan="3">Band 8</td></tr>
<tr><td>Progress update</td><td colspan="10">A Derbyshire Climate Change Adaptation Plan was produced in 2013 with a review of progress taken place in 2017. The Adaptation Plan addressed flooding, infrastructure, service delivery, adapting the built environment and community and business resilience planning with considerable work being undertaken in each area.

Since the 2013 study climate change understanding and science has progressed, and the policy and guidance around climate change adaptation has changed. The target score has been reassessed in the context of these changes.

There is therefore now a need to assess what this information means to the Council and the services that it delivers, using the Derbyshire Climate Change Adaptation Plan developed in 2013 as foundation to work from.

A Climate Projections for Derbyshire 2020-2100 report has been developed, summarising information about how the climate of Derbyshire, the UK and the world are changing and may change in the future. This is an internal-facing</td></tr>
</table>

Page 431	document being used to help inform the risks and opportunities facing the Council and the wider county. A project proposal for assessing the risks facing Council Services has also been developed and shared with CMT, the Corporate Risk Management Group (CRMG) and the Council's Governance Board, with project delivery now commenced and continuing in 2022-23. The project is being delivered through the following steps, the first of which has now commenced: 1. Engagement with each departmental management team to provide an overview of the area of work and confirm next steps for departmental engagement (July – August 2022). 2. Meetings/workshops held with relevant officers from each department to review the risks and adaptation actions highlighted in the 2013 Derbyshire Climate Change Adaptation Plan, and to establish the key current risks, how they will change in likelihood and/or severity due to climate change,and set out the actions that need to be taken to adapt and build resilience to the risks. Opportunities are also to be explored (September – November 2022). 3. Risk analysis presented back to the CRMG for comment and implementation guidance (December 2022). 4. Agreed climate change risks and adaptation measures to be incorporated into the Corporate Risk Register, Departmental Risk Registers and Service Plans, as appropriate (January – February 2023). 5. Appropriate monitoring and evaluation plan(s) established, including for where partnership working is required (January – February 2023). To fully understand the risks, and to align with the latest UK Government Climate Change Risk Assessment (UKCCRA3), the Local Partnerships Adaptation Toolkit for Local Authorities will be used to help structure the process of assessing current and future climate vulnerability, establishing appropriate responses, and developing monitoring and evaluation processes. Project delivery will be monitored by the Council's Climate Change and Environment Programme Board (CCEPB). The project will focus on Council services and functions. There is also a need for a better understanding of wider county and regional risks, opportunities and priority areas of action to be established, particularly around impacts on communities, businesses and the natural environment. Opportunities for a collaborative county-wide or regional study are being explored with the Environment Agency and through Vision Derbyshire, and the East Midlands Local Authority Climate Network. This collaborative approach would accelerate action in areas where cross border working is needed

<table>
<tr><td></td><td colspan="3">to build county-wide and regional resilience whilst allowing individual authorities to also manage their own authority and service-level risk assessments and action plans.

2022-23 Q2 Update: Work on assessing climate change risks and opportunities is now underway being led by the Climate Change Team with delivery in each Department. Engagement was carried out with each Departmental Management Team during July and August 2022 to provide an overview of the area of work and identify next steps for departmental engagement. Following this, workshops have been arranged with nominated representatives from each department (for Sept-Dec 2022) to establish the key current risks, how they will change in likelihood and/or severity due to climate change and set out the priority actions that need to be taken to adapt and build resilience to the risks. The findings from these workshops will be presented back to the Corporate Risk Management Group for comment and implementation guidance (December 2022). Identified and prioritised climate change risks and adaptation measures to be incorporated into Corporate Risk Registers and Service Plans, as appropriate, and implemented accordingly (January – February 2023).

2022-23 Q3 Update: Following engagement with each Departmental Management Team during Q2 to provide an overview of the area of work and identify next steps for departmental engagement, workshops have been held during Q3 with nominated representatives from Place, Corporate Services and Transformation and Adult Social Care and Health to establish the key current risks, how they will change in likelihood and/or severity due to climate change and set out the priority actions that need to be taken to adapt and build resilience to the risks. A focused session has also been held with Public Health. Further workshops are to be held with Children’s Services in early Q4 (January 2023) to complete the engagement activities. The findings from these workshops are to be presented back to the Corporate Risk Management Group initially for comment and implementation guidance during Q4, with identified and prioritised climate change risks and adaptation measures be incorporated into the Strategic Risk Register, Departmental Risk Registers, Business Continuity Plans and Service Plans, as appropriate, and then implemented and monitored accordingly. The project is focussing on Council services and functions. Opportunities for a collaborative county-wide or regional study are also being explored through Vision Derbyshire, the D2 Energy Action Group, the East Midlands Local Authority Climate Network. This collaborative approach, hoped to be confirmed by the end of Q4, will accelerate action in areas where cross border working is needed to build county-wide and regional resilience, whilst allowing individual authorities to still hold and manage their own service-level risk assessments and action plans.</td></tr>
<tr><td rowspan="2">Controls</td><td>Description</td><td>Status</td><td>Owner</td></tr>
<tr><td>Analysis and distribution of future climate projections for Derbyshire to complete by 31/05/2022.</td><td>In progress/taking effect</td><td>C Brailsford</td></tr>
</table>

	Departmental engagement and Council Service risks identified and confirmed with departments by 30/11/2022	In progress/taking effect	C Brailsford
	Adaptation actions identified and confirmed with departments by 31/12/2022.	In progress/taking effect	C Brailsford
	Council Service risks and adaptation plans embedded and aligned where possible to existing processes and plans to be completed by 31/02/2023.	In progress/taking effect	C Brailsford
	County or regional project developed and delivered with partners to assess and address climate change risks facing the region, its communities and businesses and the natural and built environment. To be completed by 31/12/2023.	Proposed/not yet approved	C Brailsford
	Derbyshire Local Flood Risk Management Strategy developed and embedded, which considers how flood risk is likely to change in the future due to climate change and other environmental stresses.	In place/embedded	J Gould
	Derbyshire Natural Capital and Biodiversity Strategy to complete by 31/12/2022. The Strategy will set out the level of resilience of Derbyshire's natural environment to climate change, and ways in which this resilience can be enhanced.	In progress/taking effect	C Brailsford
	Climate Change Supplementary Planning Guidance approved and embedded by 30/09/2022, which sets out how planning processes should take account of climate change risk and resilience for all new developments.	In progress/taking effect	J Battye

Risk Description	**Protection of vulnerable adults** Failure to protect the most vulnerable in our society could lead to significant fines; special measures; litigation; decreased staff morale; reputational damage.		
Risk Owner	**Helen Jones**	Executive Director, Adult Social Care and Health	
Last update	Period: 2022-23 Q3	Date: 28 February 2023	
Target (score)	AMBER (8) by 31/03/2023	Probability: Unlikely (2)	Impact: Extremely High (4)
Current (score)	**RED (12)**	Probability: Possible (3)	Impact: Extremely High (4)

Assessment history									
2021-22	Q1	Q2 (Pre-Sep 2021) / Q2 (Post-Sep 2021)	Q3	Q4	2022-23	Q1	Q2	Q3	Q4

Other	**Reputation impact assessment**	HIGH	**Financial impact assessment**	Band 4

Progress update	An Adult Social Care (ASC) Quality Assurance Strategy has been developed which is the foundation from which we will ensure that all ASCH functions drive the delivery of high quality services for the people of Derbyshire and work to continuously improve quality based on a clear understanding of expectations and requirements. This strategy has been incorporated into policy and is being driven by an overarching Quality Assurance Board that meets on a six weekly basis and which receives highlight reports at each meeting from workstream leads who are responsible for a specific area of quality assurance across the ASC department. There are six key work streams; Safe Services, Quality Recording, Quality Monitoring and Improvement, Quality Workforce, Communications and Quality Policies and Procedures. Each work stream is required to utilise appropriate data to monitor and scrutinise activity across the department and report to the board via a highlight report as well as focus activity on key actions through detailed work stream action plans.

The QA Board initially reported updates on activity and required action to the ASC Portfolio Holder verbally and has been providing written reports to the ASC Portfolio Holder and Executive Director on a quarterly basis from October 2021 onwards.

In specific relation to the directly provided services such as residential care, homecare and day care activity there is also a Quality Improvement Board (QIB) which has now been established for some eighteen months or more. This Board is chaired by an Assistant Director and involves Group Managers across the department. The Board ensures that the quality and improvement of all directly provided services is the responsibility of the whole department and that the QA strategy is being implemented.

The work of this Board is focused into the same six key work streams, and feeds directly into, the Quality Assurance Board that Board.

ASC was impacted by the new Covid variant during January – March 2022 re-establishing emergency planning mitigated this risk.

2022-23 Q2 Update: Adult Social Care have now developed a prioritisation tool for the Prevention and Personalisation teams. This is being rolled out across the department and will provide further assurance.

2023-24 Q3 Update: No change from Q2.

Controls	Description	Status	Owner
	An Adult Social Care Quality Assurance Strategy and Framework has been developed and agreed. This strategy has now been converted into policy and implemented across the department and is being embedded into practice.	In progress/taking effect	S Stevens
	The Quality Improvement Board meets on a six weekly basis to review progress within work streams, to drive delivery on the action plan and to identify new learning.	In place/embedded	T Henson

Page 436	The Quality Improvement Board provides regular updates to the ASC Quality Assurance Board, Senior Management team and Executive Director.	In place/embedded	T Henson
	Safeguarding leadership arrangements have been reviewed and additional investment has been made into the team as well as a transfer of the operational structure into the Commissioning, Safeguarding and Performance team to enable more independent scrutiny and oversight. Monitoring & review of leadership arrangements is ongoing.	In place/embedded	G Poulter
	We have reviewed our approach to learning reviews and serious incidents. We have revised policy and process in order to ensure appropriate and consistent monitoring, review and learning mechanisms are established and embedded. To embed by July 2022.	In place/embedded	G Poulter
	Additional investment has been made into the ASC Quality and Compliance team in order to ensure we have a focused approach to audit, monitoring and continuous improvement.	In place/embedded	G Poulter
	An initial performance dashboard has been developed which currently monitors the performance of our care homes by measuring across six key metrics; staffing vacancies, occupancy, incidents, training, complaints and CQC rating. This dashboard is further being developed to capture quality, compliance and safeguarding activity across the whole department. Both the high-level dashboard, and a more detailed report sitting underneath, are sent to all relevant operational staff and are also monitored by the Quality and Compliance Team. To embed by August 2022.	In place/embedded	T Henson
	Senior Managers are updated in relation to any significant incidents through a newly embedded 'notifiable incident form'.	In place/embedded	D Sullivan/ T Henson

	A Quality Assurance Board that meets on a quarterly basis, and which receives highlight reports at each meeting from workstream leads who are responsible for a specific area of quality assurance across the ASC department, has been established to oversee progress on actions and receive highlight reports on meets on a six weekly basis to review progress within work streams, to drive delivery on the action plan and to identify new learning. This board has provided regular verbal updates to the ASC Senior Management team, Executive Director and Portfolio Holder. The board has been providing written updates on progress on a quarterly basis to the Executive Director and Portfolio Holder. Next report is due on 27 June 2022.	In place/embedded	S Stevens
	A data dashboard which was initially developed for our transformation programme, is being further developed to ensure that accurate reporting on specific areas of Quality assurance can be maintained in one place to support monitoring and reporting to the Quality Assurance Board. Complete by October 2022.	In place/embedded	L Elba-Porter

Risk Description	**Protection of vulnerable children** Failure to protect the most vulnerable in our society could lead to significant fines; special measures; litigation; decreased staff morale; reputational damage.				
Risk Owner	**Carol Cammiss**	Executive Director, Children's Services			
Last update	Period:	2022-23 Q3	Date:	23 December 2022	
Target (score)	AMBER (8)	Probability:	Unlikely (2)	Impact:	Extremely High (4)
Current (score)	**AMBER (8)**	Probability:	Probable (4)	Impact:	Moderate (2)

Assessment history									
2021-22	Q1	Q2 (Pre-Sep 2021) / Q2 (Post-Sep 2021)	Q3	Q4	2022-23	Q1	Q2	Q3	Q4

Other	**Reputation impact assessment**	HIGH	**Financial impact assessment**	Band 3

Progress update	Risk can never be eliminated entirely, however Derbyshire continuously seeks to strengthen risk management and practice in cases known to the Authority. As demonstrated recently, heightened media attention at times of national or local tragedy can impact on referral rates and capacity to respond for a variety of reasons. However, the overall impact on the Council would be expected to be moderate and has been rescored accordingly for 2021-22 Q4. A range of robust mitigation measures are in place and will continue. The council has robust policies and procedures in place to safeguard vulnerable children, supported by training and development, supervision and quality assurance processes. Our ongoing quality assurance programme indicates that practice has strengthened and the vast majority of casework in our reflective case reviews is judged to be good or better. Structures and capacity within frontline teams have been reviewed, in order to reduce caseloads and increase support for practitioners via reflective supervision and management oversight. Successful recruitment and retention strategies have reduced turnover and vacancies in social care over the past two years, leading to greater workforce stability.

More recently, the higher turnover that we had seen in some Localities during the pandemic appears to have levelled off, however periodic strains in capacity are unavoidable with the regularity of workforce changes. Supportive communications have been shared with the workforce regarding the respect and value of their hard work and practice with children and families.

These measures provide a firm foundation for ongoing service improvement and the reduction of risks to children.

2022-23 Q2 Update: No change to the risk this quarter.

2022-23 Q3 Update: No change to the risk this quarter. Appropriate actions and mitigations continue to be in place.

Controls	Description	Status	Owner
	Robust policies & procedures, training, supervision and QA in place. Supported by strong independent quality assurance function.	In place/embedded	A Noble
	Derbyshire Safeguarding Childrens Partnership embedding and supporting quality assurance and development of multi-agency safeguarding practice.	In progress/taking effect	J Gracey
	Systemic practice operating model; integration of Early Help and Social Care.	In place/embedded	A Noble
	Formal and informal learning, coaching and mentoring. Work underway to further strengthen L&D approaches	In progress/taking effect	A Noble/ L&D team
	Robust procedures within Starting point to embed multi agency thresholds and pathways. Further work across DDSCP to strengthen partnership responsibility.	In progress/taking effect	P Lambert
	Reviewing of staffing, training and caseloads - establishing ongoing funding of service structure and capacity.	In progress/taking effect	A Noble

Page 440	Practice improvement plans with oversight by QA Board chaired by Exec Director. Regular performance monitoring and accountability at all levels across children's safeguarding and SEND services. Plan recently reviewed following achievement of original actions.	In place/embedded	P Lambert
	Supervision policy and management oversight reviewed and strengthened.	In place/embedded	P Lambert
	Workforce strategy - recruitment and retention of social workers improved; supporting more stable workforce and reducing remaining capacity pressures. Strategies developed and implemented to address recent staffing challenges in Locality areas. Longer term approaches to recruitment and retention being explored.	In progress/taking effect	P Lambert
	Strengthened procedures via DDSCP to identify and embed learning from serious case reviews/child practice reviews. Implementation of regular assurance reports to CMT on learning reviews and actions to strengthen practice.	In progress/taking effect	A Noble
	Systems in place to report regularly and learn from complaints.	In place/embedded	D Cohen
	Systems in place to ensure a joined-up approach to managing risks for children during COVID-19; strengthened multi-agency working.	In place/embedded	A Noble/ D Careless
	Ensure a sufficiency of placements for children entering care including unaccompanied asylum seeking children (UASC).	In progress/taking effect	J Gracey

Risk Description	**Maintenance of property assets**				
	Failure to maintain our assets could lead to significant fines; significant litigation; decreased staff morale; reputational damage; HSE investigation.				
Risk Owner	**David Massingham**	Director of Property			
Last update	Period:	2022-23 Q3	Date:	3 March 2023	
Target (score)	AMBER (8) by 31/03/2023	Probability:	Unlikely (2)	Impact:	Extremely High (4)
Current (score)	**RED (12)**	Probability:	Possible (3)	Impact:	Extremely High (4)

Assessment history	2021-22	Q1	Q2 (Pre-Sep 2021) / Q2 (Post-Sep 2021)	Q3	Q4	2022-23	Q1	Q2	Q3	Q4

Other	**Reputation impact assessment**	MODERATE	**Financial impact assessment**	Band 4

Progress update	In February 2021 a new Governance and decision arrangements framework was presented to Cabinet and agreed. Resources within operational service areas have been refocused on priority risk areas of Statutory Compliance and a new administrative and contract management team for Statutory Compliance areas has been implemented. Created a Statutory Compliance Policy. New Asset Management Strategy approved by members in June 2022. Programme to challenge every asset and ensure that a robust plan is in place for its management is well underway and ahead of schedule. Maintenance liabilities, fitness for purpose, performance have been benchmarked and are recorded against each asset, so that priority programmes can be implemented to address issues. A Maintenance Strategy has been prepared and approved by SMT. Monthly governance meetings to oversee the maintenance programme in place.

	Facilities Management Strategy signed off by SMT. Monthly accommodation group picks up issues arising from service areas around their use of space. Links to the Modern Ways of Working Programme to plan future space requirements. **2022-23 Q2 Update:** No change to the risk this quarter. **2022-23 Q3 Update:** Asset Management Strategy and Asset Management Plan now in place. Maintenance Strategy approved by Senior Management Team (SMT) and governance meetings in place. Facilities Management Strategy approved by SMT.		
Controls Page 442	**Description**	**Status**	**Owner**
	Decision taken to adopt Asset Management Strategy and Asset Management Plan in place of previous Framework by June 2022. Asset Management Strategy sign off at CAMG and Derbyshire Property Board and to go to cabinet on 28th July 2022.	In place/embedded	J Scholes
	Governance and Performance Framework is a key deliverable in the service plan.	In place/embedded	G Massey
	A 5-year programme of individual asset plans for all council assets has been developed and is underway to complete by April 2025.	In progress/taking effect	J Scholes
	5-year programme of individual Condition Surveys for all council assets.	In place/embedded	S Brown
	Annual Premises Reviews to 100% of managed estate.	In place/embedded	S Brown
	Planned Preventative Maintenance plans to align with Asset Plans.	In progress/taking effect	S Brown
	Dedicated resource to Statutory Compliance – administration, contract management and operational service provision.	In place/embedded	S Brown

	Repairs and Maintenance Strategy has been prepared awaiting final sign off.	In progress/taking effect	S Brown

Risk Description	**Inability to maintain Highways and Countryside assets to an appropriate standard** Council's ability to maintain Highways and Countryside Service assets to a requisite standard, as judged both by industry practice and resident perception. (Note that other assets maintained by Place Department are considered to be Departmentally-managed risks, in line with assets maintained by other Departments. Highways and Countryside Service assets, because of their number and nature are considered a strategic risk)
Risk Owner	**Chris Henning** | Executive Director, Place
Last update	Period: 2022-23 Q3 | Date: 3 January 2023
Target (score)	See Progress Update | Probability: | Impact:
Current (score)	**See Progress Update** | Probability: | Impact:
Assessment history	2021-22 | Q1 | Q2 (Pre-Sep 2021) / Q2 (Post-Sep 2021) | Q3 | Q4 || 2022-23 | Q1 | Q2 | Q3 | Q4
Other	**Reputation impact assessment** | HIGH || **Financial impact assessment** | Band 5
Progress update	This has been reassessed as a 'red' risk because of the period of under-investment in both Highways and Countryside Service assets. This under-investment is now being addressed – particularly through the Highways Capital programme, which is designed to deliver the Council Plan commitment for £120m capital investment over 3 years. However, issues such as landslips, retaining walls and ageing structures cannot all be addressed in the short-term or within current budgets. The ability of the County Council to adapt to climate change will form a particular challenge as the County's highways assets are prone to issues such as landslips. Following a Departmental Management Team meeting, and additional risk focussed meeting, it has been agreed that on the new corporate risk register template this strategic risk will be separated out into the 3 divisional areas within Place; Highways, Environmental & Transport and Economy & Regeneration. This will ensure the risk owner, risk and mitigation measures are clearly defined. The divisions will score their specific risk separately. Note that this risk focuses on Highways and Countryside Service Assets. Other assets maintained by Place Department are considered to be Departmentally-managed risks, in line with assets maintained by other Departments. Highways assets (including

	footpaths) and Countryside Service assets (including waterbodies), because of their number and nature are considered a strategic risk). A Corporate Property Asset Management Framework is in place that includes Place. Working with Property Services, Service Asset Management Plans are being developed. Representatives from Place, Property and Corporate Finance are seeking to develop a holistic strategy and approach to how individual plans, processes and procedures will fit together to form the Council's joined up approach. The Capital Strategy for 2022-22 provides a high-level overview of how capital expenditure and capital financing contribute to the provision of local public services. As the risks and mitigations vary significantly across the 3 divisions, and within each division, the scores for each division on the new template will reflect therefore a more realistic risk rating. The Highways and Flooding score has remained GREEN, as above for Quarter 1. **Highways and Flooding:** This risk was reviewed within the development of the FHM and Highways Capital Programmes leading to a change in assessment from 2021-22 Q3. From 2022-23 Q1, the maintenance of all Place assets will be scoped and disaggregated into divisional areas to ensure that the risks are appropriately managed with mitigation measures and risk owners clearly identified. The current risk was updated to reflect a more accurate risk description, moving away from the potential consequence led narrative; with failure to maintain our assets leading to potential significant fines, significant litigation, decreased staff morale, reputational damage and HSE investigation. Evaluating the current risk and mitigations in place against the risk has led to this risk moving from Red to Green. Derbyshire's approach to Highways Asset Management is set out in the 2016 Code of Practice for Well-Managed Highway Infrastructure. These required local authorities to adopt a risk based, integrated asset management approach to maintaining highway infrastructure by October 2018. These approaches are supported by the new funding models for local authority highway maintenance.

	2022-23 Q2 Update: No change to the risk this quarter. Amber (8). **2022-23 Q3 Update:** 'Derbyshire Highways Transformation programme is in place that will ultimately maintain the Highways assets and mitigate against risks associated with not maintaining the assets. The programme will be delivered and implemented by 1 April 2025. The Highways Capital Programme is well on track this year, again investing in the Highways assets. Target: Green (6) by 1 April 2024; Current: Amber (8). **Environment & Transport** Using the new divisional approach to risk it has been identified that failure to maintain assets is a key risk particularly for Countryside and Waste Services. More detailed work is required but initially evaluating the current risk and mitigations in place against the risk has resulted in this risk being scored a red. Heads of Service are responsible for ensuring asset management systems and inspection regimes are in place in accordance with statutory duties and good practice in the relevant field. Details are contained in various policies and procedural documents held within service areas; however further substantive work is required to put asset regimes in place for all assets. The Countryside Service has in excess of 121 assets ranging from 4,478 acres of land including Sites of Special Scientific Interest (SSSIs), reservoirs, canals, Greenways and physical structures. A key area of focus is the management of Waterbodies. The Waste Management Service has 9 Household Waste Recycling Centres (HWRCs) and a waste transfer station. Particular areas of focus remain the development of asset management regimes for waterbodies notably reservoirs and canals; structures (e.g. bridges) and HWRCs. **2022-23 Q2 Update:** Continuing to work with VERTAS and Property on the grounds maintenance contracts for sites. Work on the management of assets is on-going with an assets risk register now in place for Countryside Structures. Capital bids submitted for inspections for emergency repairs for Principal bridge inspections and preventative maintenance. Red (12). **2022-23 Q3 Update:** New Countryside Service Business Plan has been approved. This includes priority work to review the Countryside portfolio of sites to determine their grounds maintenance and capital programme requirements. A key factor is ensuring the sites and their infrastructure (including waterbodies) meet health and safety requirements. The

capital bid referenced in the Q2 update have been unsuccessful and discussions with the Highways Team regarding alternative funding are expected to take place in Q4. Work to develop canal Asset Management Plans has commenced. Target: Green (4) by tba; Current: Red (12).

Economy & Regeneration
Using the new divisional approach to risk it has been identified that the condition of Buxton Museum poses the greatest asset-related risk in terms of staff and visitor safety and ability to maintain service delivery. This issue has been shared between Corporate Property and the Libraries and Museums Service and is being managed as departmental risk wider issues, including the general condition of library buildings, are being picked up through regular dialogue with Property colleagues.

2022-23 Q2 Update: Corporate Property are costing treatment and repairs to the building. If they decide not to fund the works, alternative proposals for the museum will need to be developed. Amber (10).

2022-23 Q3 Update: Corporate Property is investigating options for relocating the museum. Target: Blue (2) by tba; Current: Red (12).

Controls	Description	Status	Owner
	The Highways Infrastructure Asset Management Policy and Strategy documents set out delivery of road-related services against our key priorities taking into consideration residents' needs, the condition of the asset and how best use can be made of available resources. The emphasis is on managing our infrastructure assets efficiently and effectively by focusing on investing in long-term planned maintenance instead of short-term repairs. Documentation is reviewed biennially.	In progress/taking effect	J Gould
	Highway Network Management Plan - technical document which specifies how the department manages and provides change to Derbyshire's highway network. The document follows a review of existing policies and procedures to reflect the change to the risk-based approach set out in the HIAMs documentation and the criteria to manage the network. It reflects changes to materials and techniques within the industry, relevant legislation and current environmental guidance and practice.	In progress/taking effect	J Gould

	Environmental Management System (EMS) - ISO 14001 Certification – Yearly Audit programme and three yearly recertification.	In place/embedded	J Gould
	Quality Management System (QMS) – ISO 9001-2015 Certification - Yearly Audit programme and three yearly recertification.	In place/embedded	D Massey
	Regular (quarterly) meetings set up between Corporate Property and Libraries and Heritage Service to review condition of buildings, repairs and maintenance issues and investment plan and confirm impacts on service delivery.	In place/embedded	J Battye

Risk Description	**Failure to understand or respond adequately to new or changing legislation and regulation**									
	Lack of knowledge and understanding of statutory duties meaning the Council is at increased risk of special measures, HSE investigation, corporate manslaughter charges, personal prosecution and insurers refusing to provide indemnity on property or liability claims.									
Risk Owner	**Helen Barrington**				Director of Legal and Democratic Services					
Last update	Period:	2021-22 Q4			Date:	30 September 2022				
Target (score)	AMBER (8) by 31/03/2022			Probability:	Unlikely (2)		Impact:	Extremely High (4)		
Current (score)	**RED (20)**			Probability:	Almost Certain (5)		Impact:	Extremely High (4)		
Assessment history	2021-22	Q1	Q2 (Pre-Sep 2021) Q2 (Post-Sep 2021)	Q3	Q4	2022-23	Q1	Q2	Q3	Q4
Other	**Reputation impact assessment**		HIGH			**Financial impact assessment**		Band 7		
Progress update	This corporate risk was reviewed by the new Director of Legal and Democratic Services during Q2. Frequent changes in guidance and legislation relating to coronavirus that take effect with very little notice continues to present a challenge for the Council. The new feedback / complaints system continues to be rolled out to all departments and the model for reporting and process improvements is being worked on. The Assistant Director Communications and Customers intends will bring the annual complaints report and update to Corporate Management Team in Spring 2022. Options to enhance VAT knowledge are still under consideration, however, the recent appointment of the Head of Financial Management & Strategy brings a wealth of VAT knowledge. The Council continues to utilise external VAT advice when it is appropriate to do so.									

	2022-23 Q2 Update: Update requested from Legal and Democratic Services. **2022-23 Q3 Update:** Update requested from Legal and Democratic Services.		
Controls	**Description**	**Status**	**Owner**
	The Applicable Legislation Register containing principal current legislation that is appliable to the Council is published on the intranet. The Register is reviewed by the Information Governance Group annually, or as required, following additions and updates to legislation. https://staff.derbyshire.gov.uk/site-elements/documents/information-security/applicable-legislation-register.pdf	In place/embedded	H Barrington
	Need to ensure that this Register is updated regularly and promoted more widely. To complete by 30/06/2022.	Proposed/not yet approved	H Barrington
	All draft reports to Members are scrutinised for legal implications by Legal Services and relevant Council procedures provide for legal advice to be taken at appropriate stages.	In place/embedded	H Barrington
	Monitoring Officer, Deputy Monitoring Officer, Section 151 Officer and Deputy Section 151 officer in post. Requirement for the posts to be legally or CCAB qualified respectively.	In place/embedded	H Barrington / P Handford
	A range of qualified and experienced officers are in post across the major functions. Professional officers are required to maintain CPD. Relevant training and development opportunities are also provided.	In place/embedded	Individual service areas
	Senior officers are members of local and national networks and forums to support, share best practice and information, including Derbyshire Monitoring Officers Group, Lawyers in Local Government, EM Lawshare, Derbyshire Finance Officers Association, Society of County Treasurers,	In place/embedded	Individual service areas

	Midlands Highway Alliance, engagement with DfE and Ofsted, Local Family Justice Board, East Midlands improvement alliance led by Directors of Children's Services etc.		
	Annual membership of relevant professional bodies for example: Association of Public Service Excellence (APSE), Chartered Institute of Public Finance and Accountancy (CIPFA), LGComms for Communications and CCMA for Customer Service, Association of Directors of Children's Services that ensures officers are alerted to changes in legislation.	In place/embedded	Individual service areas
	Officers subscribe to relevant professional updates and bulletins for information about changes in legislation, including CIPFA Finance Advisory Network, Public Sector Tax, Practical Law, Local Government Lawyer, LGA, LGiU,	In place/embedded	Individual service areas
	External and internal audits/quality assurance are conducted on a variety of services in relation to quality, environmental, information governance and health and safety.	In place/embedded	Individual service areas
	External advisers and consultants with specialised knowledge and experience in particular fields of expertise are used as required.	In place/embedded	Individual service areas
	Complaints to the Local Government and Social Care Ombudsman are dealt with by a competent and legally qualified solicitor, who is able to identify trends and areas of non-compliance with legislation. Robust improvement plans can then be developed with strong governance arrangements to address areas of weaker or poor practice and ensure legislative compliance.	In place/embedded	H Barrington/ P Peat
	Claims against the Council are assessed on a case by case basis to establish whether the claim has arisen due to failure to comply with legislation. Data shows that there is good understanding of legislation and overall compliance with it. The prospects of success of defending claims are	In place/embedded	H Barrington

	predominantly reduced as a result of insufficient record keeping to evidence compliance.		
	Complaints are currently processed within departments without corporate oversight and comprehensive records. This is in the process of delivery change to support central monitoring and oversight that will enable trends to be identified and addressed. The new feedback / complaints system continues to be rolled out to all departments and the model for reporting and process improvements is being worked on. The Assistant Director Communications and Customers will bring the annual complaints report and an update on progress to Corporate Management Team in Spring 2022. To complete by 30/06/2022.	In progress/taking effect	J Skila
	Legal Services subscribe to Legal Resources as a reference source when giving legal advice to the Council, however this is predominantly hard copy specialist encyclopaedias. It subscribes to one online package PLC, which covers certain areas of law but not others. Free online resources are available and made use of such as Legislation.gov.uk. Hard copy resources are updated to incorporate new legislation, however there is inevitably a delay in legislative changes taking effect and being published in hard copy form. In addition, as council officers have in the main been working from home since March 2020, access to hard copy materials is limited. There is a significant risk that officers may inadvertently give incorrect advice due to lack of access to up to date and accurate legal resources.	In place/embedded	H Barrington
	A move to online resources and procurement of an additional package would ensure that legislative reference materials are updated almost instantaneously and available remotely. Industry standard resources also include 'alert' functions to ensure officers are aware of legislative changes in their specialist areas. This would provide an opportunity for lawyers to notify client departments of changes in legislation they may not be aware of. Research is ongoing to identify appropriate resources and additional budget requirements. Proposals to be agreed by 30/09/2022.	In progress/taking effect	H Barrington

	The lack of a dedicated VAT Officer has the risk of penalties from HMRC in the event of a VAT breach. Options to enhance VAT knowledge are still under consideration, however, the recent appointment of the Head of Financial Management & Strategy brings a wealth of VAT knowledge. The Council continues to utilise external VAT advice when it is appropriate to do so. To complete by 31/03/2023.	In progress/taking effect	P Stone
	Opportunity to develop robust relationship with the external auditors who highlight statutory/legislative changes to officers early so that they can be addressed. To complete by 31/03/2023.	Proposed/not yet approved	P Stone

Risks previously on the Strategic Risk Register (for information):
These risks are under review with the relevant teams.

Risk Description	**Effective change management**									
	The Council is undergoing significant organisational change from financial pressure or political change which could create significant workforce issues around having the right skills, behaviours, productivity and capacity, each of which may adversely impact upon service delivery if not managed effectively. The effect of implementing organisational change, could result in adverse employee relations and impacts on the Council's workforce coupled with pressure for increased productivity should effective change management and employee engagement not be in place. The lack of effective change management could lead to significant impact upon stakeholders and partnerships; potential litigation; fines; risk of injury or death and unplanned spending increases.									
Risk Owner	**Emma Crapper**	Director of Organisation Development and Policy								
Last update	Period:	2021-22 Q2	Date:	30 September 2022						
Target (score)	GREEN (6)	Probability:	Possible (3)	Impact:	Moderate (2)					
Current (score)	GREEN (6)	Probability:	Possible (3)	Impact:	Moderate (2)					
Assessment history	2020-21	Q4	2021-22	Q1	Q2 (Pre-Sep 2021) Q2 (Post-Sep 2021)	Q3	Q4	2022-23	Q1	Q2
Other	**Reputation impact assessment**	HIGH	**Financial impact assessment**	Band 4						
Progress update	Work has taken place to further develop the whole council strategic transformation case identified as a key priority to drive forward Phase 2 of the Council's Enterprising Council approach. The initial work has focused on developing a									

	whole council view of change activity across the organisation which will support the identification of priority programmes of work and the targeting of resources. A new centralised programme management office is currently in the process of being developed and this will ensure that the council develops a consistent approach to project/programme management and business planning across the organisation. The initial work has focussed on reviewing the existing change and transformation projects and programmes taking place across the Council. The PMO will also be responsible for ensuring the Council has the necessary skills, capacity and capability to deliver identify change. A new Assistant Director – Business Change has been appointed for twelve months creating additional capacity to support the effective implementation of the strategic transformation case and the PMO. Employee engagement and wellbeing is central to the development of the Council's people strategy with an employee engagement cycle now in place and a number of employee wellbeing initiatives having been implemented (i.e. employee assistance programme, Thrive app). A cycle of regular pulse surveys and local team action planning has been implemented which will complement the Council's wider approach to engagement (Listen and Engage, Shape and Respond). The approach to engaging leaders has been reviewed and the Shaping the Future forum was launched on 27th April 2022. Feedback also suggested the need to be clear about how we, engage, develop and inform leaders and a wider framework has been developed to support this. The council continues to progress and review its wellbeing strategy actions plans, focused on people, data and systems to ensure the strategy is successfully embedded. The wellbeing strategy is being reviewed by end March 2022 to ensure it remains fit for purpose. **2022-23 Q2 Update:** Risk under review with PMO project.		
Controls	**Description**	**Status**	**Owner**
	Development of strategic transformation case and prioritised council wide programme of transformation.	In progress/taking effect	J Skila

	Creation of a centralised Programme Management Office for the Council.	In progress/taking effect	J Skila
	Development of effective governance arrangements to monitor and evaluate agreed change activity.	In progress/taking effect	J Skila
	Deployment of the employee engagement cycle as approved by CMT on 8 February 2020 and further support on 26 April 2022, underpinned by departmental and organisational employee engagement forums.	In progress/taking effect	J Skila
	The revised approach to engaging, developing and informing leaders to be deployed throughout 2022/23.	In progress/taking effect	J Skila
	Ongoing deployment, review and monitoring of the council's wellbeing strategy and associated action plans.	In progress/taking effect	J Skila

Risk Description	**Ineffectual workforce planning**			
	A failure to recruit and retain experienced staff and a lack of future talent development and succession planning may restrict the organisation's ability to ensure effective continuity of key skills and knowledge at all levels including leadership skills and behaviours. This could result in increased vacancy and attrition rates, and lack of resource and skills to enable effective service delivery.			
Risk Owner	**Emma Crapper**	Director of Organisation Development and Policy		
Last update	Period: 2021-22 Q2	Date: 30 September 2022		
Target (score)	GREEN (6)	Probability: Possible (3)	Impact: Moderate (2)	
Current (score)	**GREEN (6)**	Probability: Possible (3)	Impact: Moderate (2)	
Other	**Reputation impact assessment**	LOW	**Financial impact assessment**	Band 3
Progress update	Aligned to the development of the council's people strategy, core people priorities have been defined and approved which include focus on the attraction and retention of the workforce and responsive workforce plans. A review of recruitment services has been deployed, coupled with a revised learning and development operating model. This includes consideration of the organisation's approach to succession planning and performance management which will be central to our future workforce planning approaches. Workforce planning commenced during 21/22 focusing on areas with the most significant workforce challenges diagnosed through assessment of vacancies, turnover and agency spend coupled with national shortages in some areas and specialist roles (particularly in Place).			

Assessment history

2020-21	Q4	2021-22	Q1	Q2 (Pre-Sep 2021) / Q2 (Post-Sep 2021)	Q3	Q4	2022-23	Q1	Q2
	RED		RED	RED / RED	RED	GREEN			

	These pilots have enabled the workforce planning offer to be established alongside quarterly updates to the service. The areas where support has commenced are: – Early Help & Safeguarding – plans established – Direct Care – plans established – All directorates in Place – plans in development with the Directors – Legal and Democratic Services / Finance & ICT – limited progress due to immediate challenges in supporting Place. The key elements of the support offered by HR being: • Provide core metrics, reviewed on a quarterly basis • Capture issues identified from the data, current known issues, priorities identified within the People Plan • Agree the priorities of the service to prioritise the plan • Work with the matrix HR teams to agree leads for the actions in the plan • Identify action leads to propose priorities and delivery timescale • Quarterly updates to the service on progress, priorities and review of the core metrics to analyse trends • Workforce planning support and approach should be adaptive to the need of the service and to fluctuating priorities Workforce planning remains a manager and departmental responsibility and we have seen good engagement from services to date. Further rollout of the approach will be considered with departments. Learning and Development plans are key to delivering effective workforce planning with plans in place aligned to the Learning and Development Strategy to address key areas. **2022-23 Q2 Update:** Risk under review with HR.		
Controls	**Description**	**Status**	**Owner**
	Continue to understand our workforce, the market and ongoing development and delivery of strategic workforce plans aligned to high priority workforce groups supported by clear deliverable plans leading to a reduction in reliance on agency usage and spend.	In progress/taking effect	J Skila
	Further develop our total reward offering, implementing salary sacrifice schemes and consideration of an employee benefit scheme. We will also	In progress/taking effect	J Skila

	develop our Employee Value Proposition (EVP), online presence and ensure our terms and conditions and flexible working policies are fit for purpose and support our new ways of working.		
	Continue to develop our recruitment offer by improving processes in particular through a review of our vacancy control processes, improvements to our careers site, utilisation of social media and raising the awareness of our EVP following deployment of the Council's recruitment services review.	In progress/taking effect	J Skila
	Consider how we introduce learning pathways and further develop our approach to employee induction as part of our Talent Development plan in 2022/23.	In progress/taking effect	J Skila

Appendix 2A

Corporate risk scoring tables (pre-September 2021)

Source: Derbyshire County Council Risk Management Strategy 2019-21 (v2.7)

Risk severity matrix

Likelihood						
Likelihood	5	Moderate (5)	High (10)	Extreme (15)	Extreme (20)	Extreme (25)
	4	Low (4)	Moderate (8)	High (12)	Extreme (16)	Extreme (20)
	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	Extreme (15)
	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)
		1	2	3	4	5
		Impact				

Probability assessment criteria

Scale	Description
5	ALMOST CERTAIN: The event is expected to occur or occurs regularly (monthly, quarterly or biannual)
4	PROBABLE: The event will probably occur (annually)
3	POSSIBLE: The event may occur (1 incident in 2 years)
2	UNLIKELY: The event could occur (1 incident in 5 years)
1	RARE: The event may occur in certain extreme circumstances (1 Incident in 10 years or above)

Impact assessment criteria by risk category

		Risk Categories (highest scoring category used for overall score)								
Scale	**Scale Description**	**Financial**	**Reputational**	**Physical Injury/Health and Safety**	**Environmental Damage**	**Service/ Operational Disruption/ Key Targets/ Objectives**	**Statutory Duties/ legal Implications**	**Partnership Implications**	**Information Governance**	**Stakeholder Implications**
5	**Very High**	>£25,000,000	Lasting or permanent brand damage resulting from adverse comments in national press and media. Members/Officers forced to resign	Death or severe life-changing injuries	Major national or international	Severe disruption/loss of service more than 7 days	Multiple Litigation	Complete failure / breakdown of partnership	Significant breach, extensive national press, ICO fines, loss of ISO 27001 certification	Stakeholders would be unable to pursue their rights and entitlement and may face life threatening consequences
	High	£10,000,000 to <£25,000,000	Temporary brand damage from coverage in national press/media	Extensive or multiple injuries/ Incidents reportable to HSE	Major local impact	Disruption/Loss of service less than 7 days	Litigation	Significant impact on partnership or most of expected benefits fail	Larger breach, no sensitive data loss local press coverage Or Minor breach, sensitive data loss local press coverage	Stakeholders would experience considerable difficulty in pursuing rights and entitlements
3	**Medium**	£5,000,000 to <£10,000,000	Extensive coverage in regional press/radio/TV/social media	Serious injuries/ incidents reportable to HSE	Moderate locally	Disruption/Loss of service less than 48 hours	Ombudsman	Adverse effect on partnering arrangements	Larger breach, no sensitive data loss and internally controlled Or Minor breach, sensitive data loss internally controlled	Some minor effects on the ability of stakeholders to pursue rights and entitlements, e.g. other sources or avenues would not be available to stakeholders
2	**Low**	£2,5000,000 to <£5,000,000	Minor adverse comments in regional press/social media	Minor (i.e. first aid treatment)/ No time lost from work	Minor locally	Internal disruption only, no loss of service	Individual Claims	Minimal Impact on Partnership	Individual breach no loss of sensitive data	Minimal impact without needing to look at other sources or avenues
1	**Negligible**	<£2,500,000	Minimal adverse comments with minimal press/social media	None	None/ Insignificant	No loss of service	No impact	No Impact	No impact	No impact

Corporate risk scoring tables (from September 2021)

Source: Derbyshire County Council Corporate Risk Management Strategy 2021-25 (v3.1)

Risk severity matrix

Impact Score	Extremely high	4	Green (4)	Amber (8)	Red (12)	Red (16)	Red (20)
	High	3	Green (3)	Green (6)	Amber (9)	Red (12)	Red (15)
	Moderate	2	Blue (2)	Green (4)	Green (6)	Amber (8)	Amber (10)
	Low	1	Blue (1)	Blue (2)	Green (3)	Green (4)	Green (5)
	None	0	Blue (0)	Blue (0)	Blue (0)	Blue (0)	Blue (0)
			1	2	3	4	5
			Rare	Unlikely	Possible	Probable	Almost certain
			Likelihood Score				

Likelihood scoring

5	**Almost certain**	The event is expected to occur every year
4	**Probable**	The event could occur every year
3	**Possible**	The event could occur every two years
2	**Unlikely**	The event could occur every five years
1	**Rare**	The event could occur every 10 years or longer

Impact scoring

The highest scoring area (the ‘primary impact’) used to assess risk severity.

	Impact grading	Public and employee health, safety and wellbeing	Community	Economy	Environment	Service Disruption	Skills capability	Legal	Contracts and Partnerships	Information Security
4	Extremely high	Substantial level of harm to the health, safety and wellbeing of the community, members of the public or employees	Substantial disadvantage to large parts of the community and/or many vulnerable residents	Substantial negative impact on the County’s economy, including hard infrastructure	International and/or national environmental damage	Substantial external or internal disruption and/or loss of service (more than seven days)	Substantial under-performance from skills gaps and/or shortages	Substantial legal action, claims and/or and penalties against or by the Council	Substantial impact on service delivery from a contract and/or partnership failure	Substantial breach; Information Commissioner Office (ICO) fine; loss of ISO 27001 certification
3	High	Significant level of harm to the health, safety and wellbeing of the community, members of the public or employees	Significant disadvantage to large parts of the community and/or some vulnerable residents	Significant negative impact on the County’s economy, including hard infrastructure	Significant regional environmental damage and/or failure to meet all or most internal climate change targets	Significant external or internal disruption and/or loss of service (between three to seven days)	Significant under-performance from skills gaps and/or shortages	Significant legal action, claims and/or penalties against or by the Council	Significant impact on service delivery from a contract and/or partnership failure	Significant external breach with no loss of sensitive data; or minor external breach with loss of sensitive data

	Impact grading	Public and employee health, safety and wellbeing	Community	Economy	Environment	Service Disruption	Skills capability	Legal	Contracts and Partnerships	Information Security
2	**Moderate**	Moderate level of harm to the health, safety and wellbeing of the community, members of the public or employees	Moderate disadvantage to large parts of the community and/or some vulnerable residents	Moderate negative impact on the County's economy, including hard infrastructure	Moderate regional and/or major local environmental damage and/or failure to meet many internal climate change targets	Moderate external or internal disruption and/or loss of service (between 24 to 48 hours)	Moderate under-performance from skills gaps and/or shortages	Moderate legal action, claims and/or penalties against or by the Council	Moderate impact on service delivery from a contract and/or partnership failure	Significant internal breach with no loss of sensitive data; or minor internal breach with loss of sensitive data
1	**Low**	Minimal level of harm to the health, safety and wellbeing of the community, members of the public or employees	Minimal disadvantage to the community and/or some vulnerable residents	Minimal negative impact on the County's economy, including hard infrastructure	Minimal regional and/or local environmental damage and/or failure to meet some internal climate change targets	Minimal external or internal disruption and/or loss of service (less than 24 hours)	Minimal under-performance from skills gaps and/or shortages	Minimal legal action, claims and/or penalties against or by the Council	Minimal impact on service delivery from a contract and/or partnership failure	Minor external or internal breach with no loss of sensitive data
0	**None**	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact

Reputation impact assessment

Extremely High	Lasting or permanent national/local brand damage resulting from adverse comments in national press and media. Members/Officers almost certainly forced to resign.
High	Temporary national/local brand damage lasting up to two years from coverage in national and/or regional press/media. Members/Officers potentially forced to resign.
Moderate	Temporary local brand damage lasting up to one year from extensive coverage in regional press/ media.
Low	Temporary local brand damage lasting up to a few weeks from minor adverse comments in regional press/social media.
Extremely Low	Negligible local brand damage from limited adverse comments with minimal press/social media.

Financial impact assessment

Each risk is assessed for the potential range of capital and/or revenue loss to the Council if the risk materialised.

Band 8	Loss over £20 million
Band 7	Loss between £10 million and £20 million
Band 6	Loss between £5 million and £10 million
Band 5	Loss between £3 million and £5 million
Band 4	Loss between £1 million and £3 million
Band 3	Loss between £100,000 and £1 million
Band 2	Loss between £50,000 and £100,000
Band 1	Loss under £50,000
Band 0	No financial loss

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