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PUBLIC

To: Members of Audit Committee

Monday, 11 March 2024

Dear Councillor,

Please attend a meeting of the **Audit Committee** to be held at **2.00 pm** on **Tuesday, 19 March 2024** in Committee Room 1, County Hall, Matlock, the agenda for which is set out below.

Yours faithfully,

A handwritten signature in black ink that reads 'Helen E. Barrington'.

Helen Barrington
Director of Legal and Democratic Services

A G E N D A

1. Apologies for Absence
2. To receive declarations of interest (if any)
3. To confirm the minutes of the meeting held on 30 January 2024 (Pages 1 - 6)
4. Performance Monitoring and Budget Monitoring/Forecast Outturn (Pages 7 - 144)
5. Performance and Budget Monitoring Policy 2024/25 (Pages 145 - 174)

6. Local Audit Delays - DLUHC Proposals Update and Consultation Response (Pages 175 - 190)
7. Update on 2022-23 External Audit Internal Control Recommendations (Pages 191 - 194)
8. Accounting Policies (Pages 195 - 294)
9. Anti-Money Laundering Policy (Pages 295 - 328)
10. Tax Strategy (Pages 329 - 340)
11. Revised Financial Regulations and Standing Orders related to Contracts (Pages 341 - 516)
12. Corporate Risk Register - 2023-24 Quarter 3 Update (Pages 517 - 536)
13. Annual Internal Audit Plan 2024-25 (Pages 537 - 554)
14. Draft progress report of the External Auditor (Pages 555 - 584)

PUBLIC

MINUTES of a meeting of the **AUDIT COMMITTEE** held on Tuesday, 30 January 2024 at Committee Room 1, County Hall, Matlock.

PRESENT

Councillor R Parkinson (in the Chair)

Councillors N Atkin, R Mihaly, J Nelson, P Rose and A Sutton (substitute member).

Apologies for absence were submitted for Councillor G Musson.

Officers present: D Ashcroft, D Catlow, M Kenyon, M Lunn and K Zasada.

1/24 TO RECEIVE DECLARATIONS OF INTEREST (IF ANY)

There were no declarations of interest.

2/24 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 5 DECEMBER 2023

The minutes of the meeting held on 5 December 2023 were confirmed as a correct record.

3/24 CAPITAL BUDGET MONITORING AND FORECAST AS AT QUARTER 2 2023-24

The 2023-24 capital programme was £313.436m and approved adjustments to this figure had increased it to £316.881m. The main reason for the increase was additional funding sources, including an additional grant of £4.213m for pothole works, however this was offset by some minor reductions in other funding. The budget for schemes being monitored this year totalled £719.283, and of these, £663.611m were currently open schemes. There was a forecast underspend of £13.638m over the life of these projects and details of each scheme was contained in Appendix 2 to the report. A list of major schemes for each department was presented.

The Director of Finance & ICT provided Members with clarification regarding the scheme of refurbishment of the Winter Gardens at County Hall, and an update on the settlement in relation to the waste treatment facility in Sinfin.

RESOLVED that the Committee notes the Quarter 2 position on the monitoring of Capital Schemes.

4/24

**REVIEW OF ANNUAL GOVERNANCE STATEMENT
RECOMMENDATIONS AND ACTION PLAN PROGRESS**

The Council was required to produce an Annual Governance Statement as set out in the Accounts and Audit Regulations 2015. As detailed in the Council's Constitution, the Audit Committee was responsible for considering the Annual Governance Statement and monitoring any necessary actions.

Progress against the Annual Governance Statement Action Plan was monitored by the Governance Group. The implementation of the areas for improvement which had been identified in the Action Plan were subject to regular review and was attached at Appendix 2 to the report. The current position together with the further actions that were required to implement the improvements were summarised in the Appendix to the report.

RESOLVED that the Committee notes the progress against the Annual Governance Statement Action Plan.

5/24

AUDIT SERVICES PROGRESS REPORT 31 DECEMBER 2023

The Assistant Director of Finance (Audit) informed Members of the progress that had been made against the approved Audit Services Plan for 2023-24 as at 31 December 2023.

Following the Council's announcement on the budget pressures and the need to control its expenditure, including a freeze on recruitment, the Audit structure would remain at its current level for the immediate future.

The EQA of Audit Services was completed in mid-December 2023 by the Chartered Institute of Internal Auditors. The Assistant Director of Finance (Audit) was pleased to inform the Committee that the Final Report of their work had now been received and concluded that the Internal Audit Service conformed with most of the globally recognised principles and standards of quality in Internal Auditing. The report had also provided three recommendations to improve conformance with the standards which were being addressed and the Committee would see the completion of the recommendations through usual reporting to the Committee.

Whilst the actual days currently delivered of 1,588 was again below the expected target of 1,753 the reasons for the shortfall had remained consistent with those previously outlined, mainly staff vacancies. It was not considered that the available audit resource would restrict the

coverage of the Audit Plan at this point and steps had been taken to ensure effective use of audit days across quarter 4.

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

6/24 **COUNTER FRAUD UPDATE**

The Committee was provided with an update on the counter fraud activity that had been undertaken by Audit Services in recent months and progress against the 2023-24 objectives detailed within the Council's Anti-Fraud and Anti-Corruption Strategy.

The Strategy included within it sixteen objectives which were designed to strengthen the Council's counter fraud culture in the period 1 April 2023 to 31 March 2026, and a number of these objectives had a target implementation date of 31 March 2024.

The Committee was informed that fourteen objectives were to be completed in 2023-24; seven had already been implemented, work was ongoing on a further five and work had not yet commenced on the remaining two. It was however, expected that all objectives scheduled for completion in 2023-24 would be completed by 31 March 2024 as intended.

Work on the provision of Fraud Awareness Training was ongoing and would be boosted by the recent decision of the Governance Group to make this training mandatory for all new starters.

RESOLVED that the Committee notes the progress made in delivering the 2023-24 objectives within the Anti-Fraud and Anti-Corruption Strategy as detailed within Appendix 2 to the report.

7/24 **NATIONAL FRAUD INITIATIVE (NFI)**

Members were informed of the completion of the National Fraud Initiative (NFI) 2022-23 and the outcomes arising from the scrutiny of related data matches.

Through investigations by Audit Services and departmental service areas, a total of 69 instances had been identified where financial recovery or adjustment could be pursued. The final value of the 2022-23 exercise was £126,691 and was in the process of being recovered. A summary of the findings was provided.

The Cabinet Office had invoiced the Council for participation in the NFI

for 2022-23 and the cost was £3,705, in addition to the investigation costs incurred by the Audit Services Unit, which still represented value for money. The exercise was also a significant contribution to the Council's responsibility for the prevention and detection of fraud.

RESOLVED that the Committee notes the outcome of the Council's participation in the NFI 2022-23 exercise.

8/24 MEETING DATES AND AGENDA ITEMS FOR 2024-25

Approval was sought for the proposed dates for Audit Committee meetings and the likely agenda items for consideration and/or approval for 2024-25. The proposed dates and agenda items were set out in a schedule at Appendix 2 to the report. Audit Committee member training proposals and any additional reports arising may be added to this schedule.

RESOLVED that the Committee agrees the proposed programme for 2024-25 and the meeting dates as follows:

- 18 June 2024
- 16 July 2024
- 17 September 2024
- 3 December 2024
- 28 January 2025
- 18 March 2025

9/24 EXTERNAL AUDIT COMPLETION REPORT - DERBYSHIRE PENSION FUND

Mark Surrige from Mazars attended the meeting to present their completion reports for Derbyshire County Council and the Derbyshire Pension Fund for the year ended 31 March 2023.

Work on the Pension Fund accounts was virtually complete and based on the work that had been completed to date, there were no identified significant control deficiencies and no adjusted misstatements. Currently one area of work was still outstanding which related to the difference between valuation of unquoted investments per pension fund accounts and third-party confirmation received after the year-end. It was anticipated that an unqualified opinion on the financial statements would be issued in February alongside the Derbyshire County Council's financial statements.

The audit of the County Council's financial statements for the year ended 31 March 2023 had substantially been completed. Following the

settlement of the long-term waste management contract, Mr Surridge informed the Committee that productive discussions had taken place with the Council's Finance team on how to account for the treatment facility in 2022-23. It was anticipated that an unqualified opinion on the financial statements would be issued in February.

On behalf of the Committee, the Chairman thanked Mr Surridge for his attendance at the meeting and his comprehensive report.

RESOLVED that the Committee notes the reports of the External Auditors.

The meeting finished at 2.47 pm

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Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

19 March 2024

**Joint Report of the Managing Director and the
Director of Finance & ICT**

**Performance Monitoring and Budget Monitoring/Forecast Outturn
2023-24 as at Quarter 3 (31 December 2023)**

1. Purpose

- 1.1 To provide Members with an update of Council Plan performance and the Revenue Budget/forecast outturn for 2023-24, as at 31 December 2023 (Quarter 3). The recommendations in this report are subject to approval by Cabinet on 14 March 2024. Any additional relevant Cabinet feedback will be reported verbally to Members at this meeting.

2. Information and Analysis

Integrated Reporting

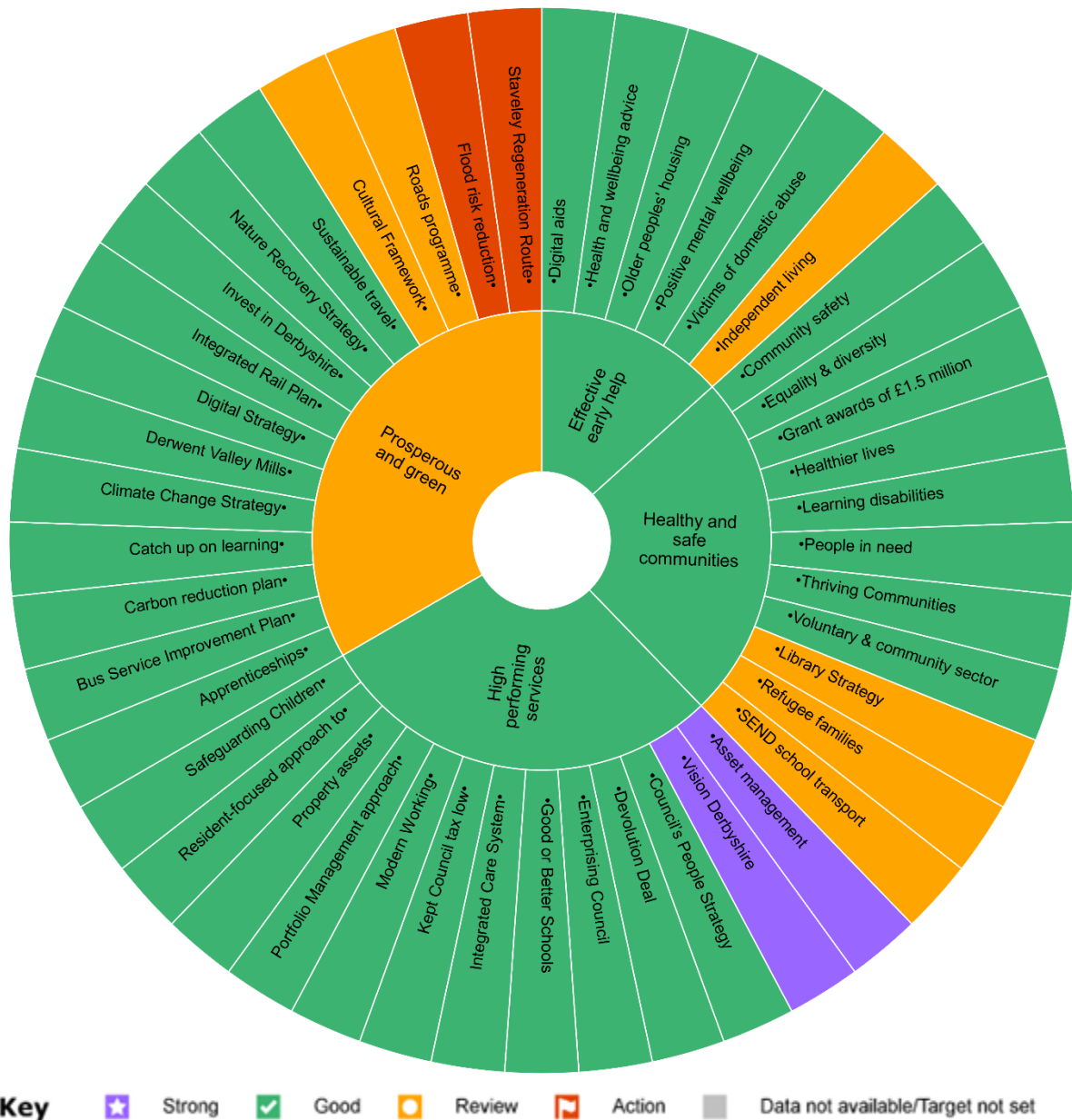
- 2.1 This report presents both Council Plan performance and financial budget monitoring and forecast outturn data.
- 2.2 The Performance Summary sets out the progress the Council is making on delivering the Council Plan with a focus on the achievement of the Council Plan priorities.

- 2.3 The Revenue Budget Position and Financial Summary provides an overview of the Council's overall budget position and forecast outturn as at 31 December 2023.
- 2.4 Appendices to this report summarise progress on Council Plan deliverables and the controllable budget position by Cabinet Member Portfolio for 2023-24 as at 31 December 2023. Further reports will be considered at Audit Committee and Council in accordance with the Budget Monitoring Policy and Financial Regulations.

Performance Summary

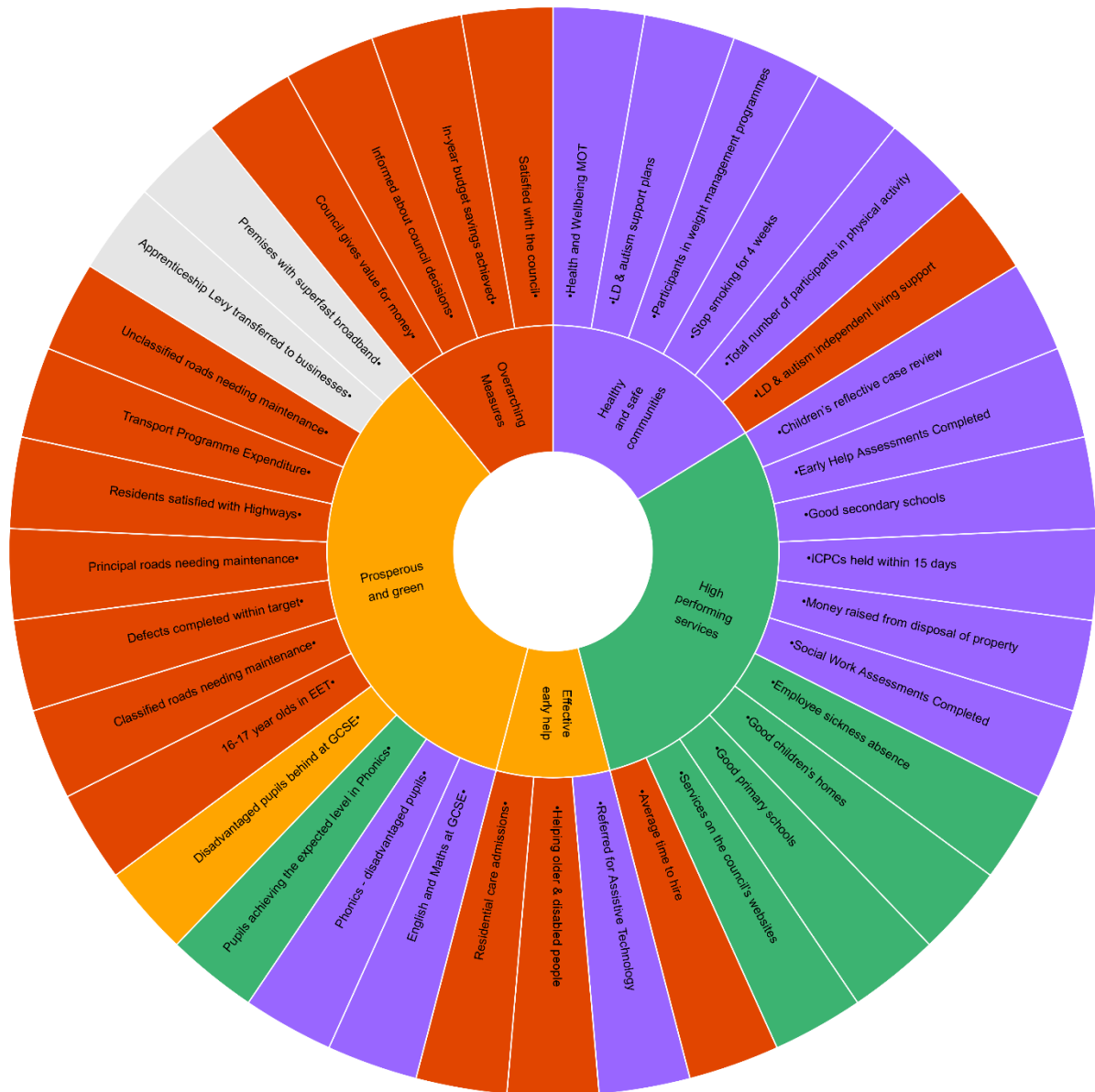
- 2.5 The Council Plan refresh for 2023-25, which outlines the Council's priorities, key deliverables and performance measures, was approved by Council in March 2023.
- 2.6 The 2023-24 Performance Report for Quarter 3, attached at Appendix 3, sets out the position in full up to the end of December 2023 for each deliverable and associated key measures set out in the Council Plan. The Council is continuing to address significant in year budget pressures, however good progress has continued to be made during Quarter 3 in delivering the Council Plan, with 82% of the 45 deliverables in the Plan showing "Good" or "Strong" progress. 13% have been rated as "Requiring Review" and 4% have been rated as "Requiring Action".
- 2.7 Progress in delivering the Plan is shown in the graphic below.

Deliverable Progress



2.8 The graphic below shows performance against target for each key measure identified in the Council Plan by priority. For the 37 key measures where data for 2023-24 against target is available, fourteen are rated as “Strong”, with a further five rated as “Good”. There is one measure rated as “Requiring Review” and fifteen are rated as “Requiring Action”. The two grey measures do not currently have targets set for 2023-24. Measures where data is not yet available for 2023-24 are not displayed in the wheel.

Key Measures Against Target



2.9 There have been many key areas of success over the last quarter including:

- A range of evidence from the Council's quality assurance and performance framework shows consistency of approach and strong practice across the children's social care system. This is in the context of increasing demand and activity throughout the system.

- The publication of the final report from the Council's recent full Ofsted inspection of Children's Services confirms a grading of good for all four of the graded judgements (impact of leaders, children who need help and protection, children in care and care leavers) and a grading of good for overall effectiveness.
- A total of £4.658m has been raised up to the end of December 2023 from the sale of property assets, above the end of year target of £4m. In addition to the capital receipts, the implementation of the Asset Management Strategy and the ongoing disposal programme support the achievement of the Council's budget savings with reduced maintenance, insurance, and energy costs.
- A faster rate of improvement has been achieved for the percentage of children and young people attending good or better schools, compared to national figures. Proportions remain below comparators however, and further improvement will remain a priority for the 2023-24 academic year.
- Provisional data shows that the proportion of pupils achieving a standard pass (grades 4-9) in English and Maths at GCSE has met the target of maintaining an outcome significantly better than national figures.
- Good progress has been made to aid bus operations across the highways network to improve passenger journeys. Improvement to numerous bus services across the county, increasing the frequency and extension of routes, are now in place.

2.10 Budget pressures are impacting on progress in some areas, and a further factor is the impact of adverse and unpredictable weather, as set out below:


















- As a result of Storm Babet in October 2023, 1,400 properties have experienced internal flooding and there have been a high number of additional enquiries generated. As a result, work on the delivery of flood mitigation schemes and with communities to support and develop flood resilience measures has been paused. The Flood Team is managing the Property Resilience Grant Scheme, which will enable properties to claim grant funding to make their home more resilient and resistant to future floods.
- Due to the series of adverse and unpredictable weather conditions experienced recently, the volume of new road defects reported continues to rise and the demand outweighs the resources available. The additional pothole grant of £7.2m received from the Department for Transport during 2023-24 will be used to help to mitigate the impact of the increased demand, with the intention of providing permanent repairs at identified locations.

2.11 Further detail regarding each of the deliverables in the Council Plan and the key measures is set out in Appendix 3.

Revenue Outturn Summary

2.12 The Council's forecast outturn for 2023-24 as at Quarter 3 (31 December 2023), 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 £397.167m and Public Health grant of £45.232m, other ring-fenced grants and income from other third parties and their associated spend.

Table 1: Portfolio Forecast Outturn










	Budget	Forecast Actuals	Projected Outturn Over/ (Under) Spend	Budget Performance
	£m	£m	£m	 Overspend  Underspend
Adult Care	307.636	314.567	6.931	
Children's Services and Safeguarding and Education	162.500	183.596	21.096	
Clean Growth and Regeneration	1.370	1.050	(0.320)	
Corporate Services and Budget	73.090	72.825	(0.265)	
Health and Communities	11.408	10.789	(0.619)	
Highways Assets and Transport	57.345	61.989	4.644	
Infrastructure and Environment	50.077	49.367	(0.710)	
Strategic Leadership, Culture, Tourism and Climate Change	11.085	10.947	(0.138)	
Total Portfolio Outturn	674.511	705.130	30.619	
Risk Management	0.294	0.322	0.028	
Debt Charges	38.019	48.206	10.187	
Interest and Dividend Income	(5.139)	(14.300)	(9.161)	
Levies and Precepts	0.373	0.373	0.000	
Corporate Adjustments	3.838	6.236	2.398	
Total	711.896	745.967	34.071	








2.13 The overall Council forecast overspend at 31 March 2024 is £34.071m. This is a deterioration of £1.124m on the forecast reported at Quarter 2 (£32.947m), the reasons for which are set out in paragraphs 2.14 to 2.15.

Changes since Quarter 2

2.14 The increase in the forecast overspend since Q2 is shown in Table 2. Some favourable movements have been seen due to a combination of additional income, reductions to expenditure and use of reserves. Cost control measures, including a vacancy freeze, were implemented from September 2023. However, demand and cost pressures remain high in Adult and Children's Social Care. Further detailed explanations follow in paragraph 2.15.

Table 2: Projected Outturn change Q2 to Q3

	Q2 Projected Outturn Over/(Under) Spend	Q3 Projected Outturn Over/(Under) Spend	Q2 to Q3 Movement (Favourable) /Adverse	Budget Performance  Improvement  Deterioration
	£m	£m	£m	
Adult Care	5.721	6.931	1.210	
Children's Services and Safeguarding and Education	17.901	21.096	3.195	
Clean Growth and Regeneration	(0.274)	(0.320)	(0.046)	
Corporate Services and Budget	0.942	(0.265)	(1.207)	
Health and Communities	(0.288)	(0.619)	(0.331)	
Highways Assets and Transport	7.327	4.644	(2.683)	
Infrastructure and Environment	(0.206)	(0.710)	(0.504)	

Strategic Leadership, Culture, Tourism and Climate Change	0.232	(0.138)	(0.370)	
Total Portfolio Outturn	31.355	30.619	(0.736)	
Risk Management	(1.619)	0.028	1.647	
Debt Charges	9.928	10.187	0.259	
Interest and Dividend Income	(8.242)	(9.161)	(0.919)	
Corporate Adjustments	1.525	2.398	0.873	
Total	32.947	34.071	1.124	

2.15 The reasons for the movements between Q2 and Q3 (summarised in Table 2 above) are summarised as follows:

- Adult Care: Continued growth in demand and cost for homecare and reablement services.
- Children's Services and Safeguarding and Education: Continued demand for services combined with rising costs are resulting in a significant forecast overspend, which has deteriorated by £3.2m since Q2. The number of children in care has increased from 1043 in September 2023 to a height of 1070 in December 2023 and this accounts for a significant element of the increase in placement spend since Q2. As at the end of January 2024 there are 1060 children in Local Authority care in Derbyshire. This has followed extensive work to reduce the numbers of children in care (in accordance with individual children's care plans) and the implementation of stronger families' services which are strengthening the support to reduce admissions to care and also work with children and families to return more children to family care arrangements.
- Corporate Services and Budget: Additional vacancies in the Strategy and Policy service and reductions in training expenditure.
- Highways, Assets and Transport: Drawdown of an additional £2.3m from departmental Earmarked reserves.

- Infrastructure and Environment: Drawdown of an additional £0.7m from departmental Earmarked reserves.
- Risk Management: Allocation of an additional £1.6m from contingency budgets to departments for Property inflation, over and above that which had previously been forecast.
- Interest and Dividend Income: Additional £0.6m income from investments renewed at higher rates of interest and on working capital invested in money market funds. Also, a £0.3m improvement in dividend receipts from the Council's investments in Scape Ltd and strategic pooled funds.
- Corporate Adjustments: An additional cost of £0.9m is now forecast as a result of anticipated reserve movements attributable to the ring-fenced Dedicated Schools Grant.

Use of Reserves

- 2.16 The overall forecast Council overspend of £34.071m is after substantial one-off support from the use of £37.997m of the Council's Earmarked reserves. The 2023-24 Budget approved by Council in February 2023 included the planned use of £23.707m from the Budget Management reserve for planned service pressures. An additional £14.290m (£9.816m at Q2) of Earmarked reserves is now expected to be drawn down from departmental reserves to support the Adult Care (£7.308m), Childrens Services Safeguarding and Education (£1.544m), Corporate Services and Budget (£2.035m), Highways Assets and Transport (£2.664m) and Infrastructure and Environment (£0.739m) portfolio outturn positions.
- 2.17 The forecast overspend in 2023-24 follows the outturn position for 2022-23, which resulted in the Council utilising £55m of its reserves in order to manage its budget to meet inflationary, demand and pay award cost pressures. The Council continues to face significant inflationary cost pressures across all services, combined with continued growth in demand for Adults Services, Children's Social Care and Education, and increasing reactive and planned maintenance requirements on the Highways Infrastructure.
- 2.18 At the time of setting the budget in February 2023, substantial investment was made in all service areas to support anticipated inflationary and demand pressures. However, despite this investment, inflation has continued to result in cost pressures in excess of budget across all service areas. In addition, the Local Government pay award for 2023-24 was higher than estimated.

2.19 The forecast at Q1 (30 June 2023) was for an overspend of £46.376m, which if left unmitigated would have depleted the Council's General Reserve. Whilst the latest forecast of £34.071m is an improved position from earlier in the financial year, this level of overspend will still result in a significant additional use of reserves. The Council has taken and continues to take a number of actions to mitigate the overspend. This includes:

- Finding alternative in year savings proposals.
- Looking at high-cost placements to find more suitable and cost effective options.
- Stopping or delaying projects until the next financial year to reduce planned expenditure in year.
- Implementing a vacancy freeze to reduce in year expenditure.
- Limiting expenditure on agency staffing to cover essential roles only.
- Introducing expenditure controls across non staffing budgets.

2.20 The forecast overspend has reduced considerably since Q1. It is anticipated that further reductions can be achieved as the cost control measures, which were introduced in September 2023 and are identified above, continue to take effect. The achievement of mitigating actions to reduce the overspend is being closely monitored by Chief Officers and senior leaders across the Council. The following are some examples of where costs are already being reduced, or are forecast to be reduced, in 2023-24:

- Reduction in grounds maintenance £0.300m.
- Reduction in spend on tree strategy £0.150m.
- Reduction in spend on conservation and heritage £0.070m.
- Reduction in spend on Cultural Recovery Framework £0.500m.
- Reduction in spend on Digital Derbyshire £0.500m.
- Reduction in spend on Elvaston Masterplan £0.050m.
- Change in Trading Standards laboratory testing £0.003m.
- Highways efficiency savings (tighter cost control, use of fleet, better procurement).
- Reduction in spend on performance, governance and improvement £0.076m.
- Pause on and reduction of project work relating to carbon reduction, including feasibility work.
- Pause on any maintenance work to buildings, which is not directly related to a health and safety risk. Holding of vacancies in the maintenance team.
- Change to the way in which the Council delivers the valuations of the estate for its accounts £0.050m (Ongoing) and £0.240m (One-off).

- Pause in recruitment to vacancies in the facilities management and grounds maintenance teams and a reduction in the use of overtime to fill the gaps in rotas.
- Reduction in utility costs £0.251m and reduction in debt charges £0.253m to date, due to disposal of surplus assets. Savings in business rates.
- Rent reviews on industrial units leading to increased income.
- Exploration of opportunities to find in-year savings (one-off) over and above the savings that have been previously identified for 2023-24 and seek alternative savings for historical savings that have been brought forward into the current financial year - compensatory efficiencies of £2.7m identified in Adult Social Care.
- Review of all high cost care packages in Adult Social Care. Jointly with Health partners, Adult Social Care have introduced the Safe, Effective, Affordable and Legal framework to ensure good outcomes for local residents under the age of 65 requiring residential care and best value for the system.
- Reduced overtime, additional hours and allowances for non-business critical roles.
- Consideration of all areas of departmental budgets where spending can be temporarily reduced or ceased e.g. spend on travel, purchase of equipment including ICT equipment, training and conferences.
- Reduction in ICT related spend of over £0.20m from initiatives including an unused equipment amnesty, cessation of mobile phone and telephone line contracts and reclaiming unused software licences.
- Reduction in expenditure across the Council on meetings and conferences.

2.21 The Council continues to work with partners, such as the Local Government Association and the Society of County Treasurers, to lobby Government for additional funding to support vital services and to highlight the continued financial pressures facing the Council. Cost pressures and demand for services are expected to remain high in 2024-25.

Forecast Budget Variances

2.22 Of the overall forecast £34.071m overspend, the significant variances (summarised in Table 1 earlier in this report) are set out below. Further detail for all Portfolios is included in Appendices 4 to 11.

Adult Care

- 2.23 The forecast £6.931m overspend on the Adult Care portfolio relates mainly to Purchased Services costs (£16.4m overspend) and allocated savings targets which are not expected to be achieved this financial year. 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 short-term placements into residential homes whilst people await the availability of care at home. As a result, expenditure on independent sector placements has increased further in excess of budget.
- 2.24 Pressures on residential care and reablement services budgets are being partially mitigated by underspends in other areas, including Direct Care (home care) staffing vacancies and reduced usage of Day Centres. The forecast underspend on Direct Care is £6.4m.
- 2.25 There are shortfalls in the delivery of the Best Life Derbyshire efficiencies for Working Age and Older People, which is being mitigated in part through the use of reserves.
- 2.26 The forecast outturn for this portfolio includes the anticipated draw down of £7.308m of departmental Earmarked reserves.

Children's Services and Safeguarding (£16.833m overspend) and Education (£4.263m overspend)

- 2.27 The forecast £21.096m overspend on the Children's Services and Safeguarding and Education portfolios is mainly due to continued high demand for placements for children who are in care or unable to remain at home (£16.671m overspend) and demand for safeguarding services (£3.276m overspend). There are also significant pressures on Education budgets relating to Home to School Transport (£1.683m overspend) and School and Learning Services (£2.580m overspend). One-off factors such as non-recurrent grant income and drawdowns from Earmarked reserves have been used to reduce the forecast portfolio overspend.

- 2.28 Expenditure on placements for children in care or alternatives to care is continuing to rise, primarily due to an increase in the cost of placements. Inflationary pressures have led to higher average costs whilst a shortage of foster care places has exacerbated the position by requiring the need to make more higher cost placements with independent providers. The number of children requiring support is also growing and there are a greater number of children in arrangements which are alternatives to care, such as Special Guardianship Orders, many of which require long-term financial support. With the best interests of the child at the heart of decision-making, on-going work is being undertaken to maximise the capacity of places and care packages available. This choice should ensure children are given the most appropriate placement and mitigate some of the rising cost pressures.
- 2.29 Demand for Children's Social Care services are high, which has resulted in a forecast £3.276m overspend primarily on support for children and families. A 32% increase in contacts to the service this year has led to a 4% increase in child protection plans, a 6% increase in children in care and a 2% increase in children in need. Overall, the service works with around 5,000 children. To respond to the high level of demand, an appropriate level of skilled workforce is required, which has necessitated the use of agency workers to cover vacancies and has contributed £0.940m to the overspend.
- 2.30 The SEND and Educational Psychology (EP) Services have seen an unprecedented rise in demand, resulting in significant increases in assessments and Education Health Care Plans (EHCPs), as shown in Table 3 below.

Table 3: SEND and Educational Psychology Services Increased Demand

EHCPs	2022	2023	Percentage Increase %
Assessment Requests	1,528	2,034	33%
EHCPs	4,997	6,325	27%

The rise in demand has resulted in an overspend for EP assessments and SEND officers to administer the statutory assessment process. As a consequence of the growth in EHCPs issued this has also resulted in an increase in staffing for the Annual Review Teams. Schools and Learning budgets are forecast to overspend by £2.580m, which includes financial pressures on the SEND team of £1.050m and financial pressures on the EP team of £0.665m. Transport demand is directly impacted by SEND and EP demand. As such the demand on Home to School transport is high, resulting in a forecast overspend of £1.683m.

- 2.31 The forecast outturn for this portfolio includes the anticipated draw down £1.544m of departmental Earmarked reserves.

Highways, Assets and Transport

- 2.32 The forecast £4.644m overspend on the Highways Assets and Transport portfolio reflects a number of areas of pressure, including:

- Increased activity and costs on reactive highways maintenance work on the County's roads and footpaths due to increased deterioration of the network and bad weather and flooding causing more potholes (£2.4m overspend after the use of £1.4m of Earmarked reserves).
- The cost of the Accelerated Capital Delivery Team (£0.5m overspend).
- Winter maintenance costs are expected to exceed the allocated budget, with increasing cold conditions happening later in the year, along with increased inflation (£1.2m overspend after £0.3m from the Winter Maintenance Earmarked reserve has been utilised).
- Prior year savings targets not achievable (£2.2m overspend).

- 2.33 Overspends in Highways services are partially offset by a forecast underspend (£2.228m) in Public and Community Transport due to the receipt of additional grant funding.

- 2.34 The forecast outturn for this portfolio includes the anticipated draw down £2.664m of departmental Earmarked reserves, including the Winter Maintenance reserve.

Corporate Services and Budget

- 2.35 The forecast £0.265m underspend on the Corporate Services and Budget portfolio is a net position, reflecting both under and overspends across different service areas.

- 2.36 There is a forecast overspend of £2.8m on Property and Property Operations due to multiple factors including:
- The Property budget has a structural overspend, made up of historic differences in the cost of running assets and the allocated budget transferred to the Corporate centre, plus savings measures which have not been practically implementable. The Property budget is under review to ensure that structural overspends, which cannot be practically addressed by the Property Division through additional savings measures, at least in the short term, are understood.
 - Reductions in property operations external contract income, noting that assumptions around external income need to be revisited for the reasons described above.
 - The Cabinet agreed a change from a Property Maintenance and Construction Service as a Traded Service, to an internal Property Maintenance Service, sized to the delivery of essential maintenance to the Council's assets, against a backdrop of asset rationalisation where the number of assets the Council holds is reducing. Whilst the changes to the Council's service are underway, and its asset base is reducing, the assumptions in the Council's budget still relate to the Traded Service model, and the future Property Maintenance Service's budget has not yet been agreed. Whilst the current financial model remains, it will report under-recovery of property operations overheads, because less work is being conducted without a corresponding reduction in fixed costs.
 - Unrealised savings targets for Cleaning and Caretaking from site rationalisation.
- 2.37 The overspend on Property of £2.8m, along with an overspend of £0.4m relating to an unachievable Channel Shift savings target, has been partially offset by the following:
- Capitalisation of Azure Cloud costs as part of the SAP HANA project £1.5m, with an overall underspend impact on Finance & ICT of £0.670m.
 - Underspends on the training budgets (£0.3m in Human Resources and £0.2m in Transformation and Strategy).
 - Underspends on salaries resulting from vacancies in multiple services areas including Finance (£0.4m), Legal Services and Transformation and Strategy (over £1m).
- 2.38 The forecast outturn for this portfolio includes the anticipated drawdown of £2.035m of departmental Earmarked reserves.

Corporate Budgets

2.39 There is a net forecast overspend of £3.452m on corporate budgets in 2023-24, the corporate budgets being:

- Risk Management
- Debt Charges
- Interest and Dividend Income
- Levies and Precepts
- Corporate Adjustments

Risk Management

2.40 There is a forecast net overspend on the Risk Management budget. It is anticipated that budget allocated to departments for the Local Government Pay award and other pay related pressures will exceed the budgeted contingency by £5.7m and budget allocated to Children's Services for inflation was £3.9m in excess of the budgeted contingency. This is offset by £1.5m of specific contingency and £3.6m of general contingency not allocated and £5.3m of additional non-ringfenced grant income received. Further detail on the allocation of the risk management budget is set out in Table 4 below.

<u>Table 4: Risk Management Budget</u>	Budget £m	Forecast Expenditure £m	Over / (Under) Spend £m
Pay Pressures	(5.348)	0.322	5.670
Departmental Specific Service Pressures	(2.431)	0.000	2.431
General Contingency	3.557	0.000	(3.557)
Savings Targets not achievable/duplicated	(0.773)	0.000	0.773
Total Contingency Funding	(4.995)	0.322	5.317
Extended rights to home to school transport	0.171	0.000	(0.171)
Services Grant 2023-24	0.181	0.000	(0.181)
Business Rates Relief Grant Adjustment	4.937	0.000	(4.937)
Additional Non-ringfenced Grants	5.289	0.000	(5.289)
Total Risk Management Budget	0.294	0.322	0.028

- 2.41 The Risk Management Budget has reduced since Q2 due to pay and inflation contingency budgets being allocated to Departmental budget lines. At Q3 the budget allocated to departments had exceeded the budgeted contingency by £5m, which was offset by the receipt of £5.3m of additional non-ring fenced grants that had not been announced when the 2023-24 Revenue Budget was approved by Council on 15 February 2023.
- 2.42 The forecast expenditure of £0.322m on the Risk Management Budget relates to the anticipated allocation of budget to fund Members' Allowances and Soulbury employee pay increases.
- 2.43 The 2023-24 pay award for Local Government Service Employees (effective from 1 April 2023) was agreed on 1 November 2023. The National Employers' final one-year offer proposed to the unions representing the main local government workforce was as follows, with effect from 1 April 2023:
- An increase of £1,925 on all pay points covered by the Council's Pay Grades up to and including Grade 13, which is equivalent to a 9.5% increase for employees on pay point 1 and 4.0% for employees on pay point 35.
 - An increase of 3.88% on all pay points covered by the Council's Pay Grades on Grades 14 to 16.
 - An increase of 3.50% on all pay points covered by the Council's Pay Grades on Grades 17 to 21.
 - An increase of 3.88% on all allowances, except for travel rates.

The final 2023-24 pay offer equates to a total ongoing cost to the Council of £15.990m. For 2023-24 budget purposes a sum of £10.456m was set aside, based on a 4% flat pay award increase. The agreed pay increase for 2023-24 leaves the Council with a shortfall of £5.534m in 2023-24 and an ongoing pressure of that amount in each subsequent year.

Debt Charges (Cost of Borrowing)

- 2.44 The Debt Charges budget is forecast to be overspent by £10.187m in 2023-24 of which £6.4m relates to interest payable on short-term loans and £3.8m to the Minimum Revenue Provision (MRP) for the repayment of debt principal as a result of additional borrowing.

- 2.45 Forecast interest payable on short-term loans has increased due to rising interest rates and the increased need to borrow to maintain working capital after the payment of the Derby and Derbyshire Waste Treatment Centre legal settlement (£2.3m of interest costs relating to the increased need to borrow because of the legal settlement). MRP has increased as the Council's Capital Financing Requirement (CFR) has risen following the trend of switching capital financing from Revenue Contributions to borrowing in recent years as part of its risk management strategy.

Interest and Dividend Income

- 2.46 A favourable variance of £9.161m is forecast on 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 offset by an increase in the interest the Council is expected to pay to meet its temporary borrowing needs.

Corporate Adjustments

- 2.47 There is a forecast overspend of £2.398m on Corporate Adjustments in 2023-24. This is due to an expected credit loss in respect of interest receivable on a loan advanced to an organisation which is now in doubt due to economic conditions (£0.9m), anticipated reserve movements attributable to the ring-fenced Dedicated Schools Grant (£1.7m), amortisation of premiums and interest on restructured loans (£0.3m), less £0.5m in respect of interest receivable on schools' balances.

Dedicated Schools Grant

- 2.48 In addition to the Council's general fund revenue budget, the Council manages the Dedicated Schools Grant. The Dedicated Schools Grant (DSG) is the ring-fenced grant from Government that provides each local authority with an allocation of funding for schools and services for pupils. The DSG contains four blocks determined by a separate national funding formula which calculates the total funding due to Local Authorities:
- The Schools Block: provides funding for individual mainstream schools and academies using an agreed funding formula.

- The High Needs Block: provides funding for the education of pupils subject to Education, Health and Care Plans from age 0 – 25 in a range of provision including special schools, mainstream schools, alternative provision, independent specialist provision and council centrally retained expenditure for high needs support and inclusion.
- The Early Years Block: provides funding for two-year olds, early years funding in schools and in the Private, Voluntary and Independent (PVI) sector as well as centrally retained expenditure for under 5s.
- The Central Schools Services Block: provides funding for the local authority to carry out central functions on behalf of pupils in both maintained schools and academies.

2.49 At the end of 2022-23, there was a net deficit on the Council's DSG balances of £4.775m, which represented an accumulated overspend against the allocated grant of £8.042m, partially offset by other Earmarked DSG Reserves. This deficit had arisen due to expenditure pressures on the High Needs Block.

2.50 In 2023-24 there is forecast to be a further in-year deficit on the High Needs block of £11.476m due to ongoing increases in the numbers of children and young people requiring support. As referred to in paragraph 2.30, there has been an unprecedented rise in demand, resulting in significant increases in Education Health Care Plans (EHCPs). This has resulted in a significant increase in top up funding to support children (also known as element 3 funding), which is estimated to be £11.268m overspent. Within this figure the most significant overspend is £6.055m relating to those children educated within independent and non-maintained special schools. This forecast deficit is being partially offset by some small underspends on other DSG blocks but will result in a net forecast deficit of £10.723m in 2023-24, which will increase the cumulative deficit to £15.498m, as shown in Table 5 below.

Table 5: Forecast Movement in DSG Deficit 2023-24

	£m
DSG Net Deficit at 1 April 2023	4.775
2023-24 Forecast (Surplus)/Deficit:	
Schools Block	(0.434)
High Needs Block	11.476
Early Years Block	(0.044)
Central Block	(0.275)
Total Net (Surplus)/Deficit in 2023-24	10.723
Cumulative Forecast Net DSG Deficit at 31 March 2024	15.498

- 2.51 The DSG income and expenditure does not form part of the Council's general fund revenue budget, but any surplus or deficit on the DSG funding held by the Council forms part of the Council's reserves. Whilst previously any deficit on these balances was funded by the Council, temporary regulations introduced in 2020 require that these balances are held separately. These regulations expire in 2026, at which point any deficit on the DSG balances will need to be funded by the Council. Local authorities with a DSG deficit are required to have a DSG management plan. This plan should identify the strategy, key areas and decisions that are required to bring spending back in line with funding and to repay the deficit. The plan will be designed to bring the DSG back into balance and will be shared and discussed with the Education and Skills Funding Agency (ESFA) and with the Schools Forum.

General and Earmarked Reserves

- 2.52 The General Reserve stands at £27.684m as at 31 December 2023 (Q2 report, £27.734m). This is considered to be around the minimum level of general reserve for an organisation the size of the Council. The current forecast £34.071m overspend for 2023-24 would more than deplete the existing General Reserve balance. Further corrective action as outlined in this report needs to be undertaken to reduce this overspend.

2.53 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 2023 and was reported to Cabinet on 1 February 2024. Following this review, it was agreed to release £31.803m from Earmarked reserve balances to the General Reserve. Given the scale of the forecast overspend in 2023-24 it is anticipated that this funding will be needed to ensure that the Council's General Reserve position remains at the minimum required level. Table 6 below shows the forecast balance on the General Reserve at 31 March 2024.

Table 6: General Reserve Forecast Balance at 31 March 2024

	£m
Balance at 31 December 2023	27.684
From Earmarked Reserves Release	31.803
Projected Outturn 2023-24	(34.071)
Forecast Balance at 31 March 2024	25.416

2.54 The next review of Earmarked reserve levels is scheduled to be reported in January/February 2025.

2.55 A summary of outstanding balances on the Council's Earmarked reserves as at 31 December 2023 is set out in Appendix 13.

Budget Savings

2.56 A summary of the achievement of budget savings targets for 2023-24 is provided at Appendix 14. The budget savings target for 2023-24 is £16.190m, with a further £12.038m target brought forward from previous years. Of the in-year savings target, £5.351m is forecast to be delivered in the current financial year, with delays in the delivery of Adult Care savings being mitigated through the use of Earmarked reserves. There has been an improvement in the forecast achievement of the in-year savings target since Q2 of around £1.4m because of higher forecast one-off savings in Adult Care resulting from an increase in forecast one-off additional income relating to recovery of direct payment balances and a review of customers making no contribution to their care.

- 2.57 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. If a savings initiative is not delivered this will also have ongoing financial implications, including for future financial years.
- 2.58 The Council has reviewed all of its savings initiatives and has developed a programme of savings proposals to address the estimated funding gap over the medium term. This has helped in identifying substantial additional savings proposals, which were reported to Cabinet on 1 February 2024 and Full Council on 14 February 2024. In many cases the proposals will be subject to consultation and equality analysis processes. Including potential cost savings no assumptions have been made as to the outcome of those consultations or the outcome of final decisions which have yet to be made. With regard to the savings proposals which have not yet been considered by Cabinet for approval to consult, the necessary consultation exercises will be undertaken, and any equality implications will be assessed before final decisions are made. Throughout the process it will be essential to ensure that the Council continues to meet its statutory and contractual obligations. However, in headline terms the Council has now identified measures which should help achieve the budget gap over the period of the FYFP.

Debt Age Profile

- 2.59 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.

Traded Services

- 2.60 A trading area is where the Council receives income in return for providing discretionary services to external organisations and/or individuals.

- 2.61 '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 and a contribution made to general overheads. The latest forecast position on fully traded services is for a net deficit position of £1.942m. This is mainly due to Property Direct Service Organisation (DSO) Operations and the Schools Catering Service. The Property DSO has lost some key income streams and are also holding vacancies pending a staffing review. This is reducing the number of available productive hours and therefore the absorption of overheads.
- 2.62 '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 £1.087m compared to the budgeted income target is forecast for 2023-24 on partially traded areas across the Council as a whole. In particular, Fleet Services has generated significant additional income above its budgeted target; this service will have a higher income target for 2024-25, which will assist the Council in meeting its savings targets.
- 2.63 Appendix 12 summarises the financial performance of the separate trading areas.

3. Centralised Training Budget

- 3.1 It is proposed to centralise departmental training expenditure budgets, to create a single training budget which will be managed by the Learning and Development team within the Human Resources function, with effect from 1 April 2024.
- 3.2 The current devolved budget arrangement is problematic for several reasons and centralising it would mitigate the following risks:
- Inequity of spend on learning and development across departments, functions, and teams.
 - Lack of visibility and understanding of Council-wide learning needs, impacting on the Council's ability to spend on priority needs across the organisation.
 - Duplicating procurement of learning interventions, decreasing the likelihood of the Council achieving best value outcomes.
 - Non-Learning and Development budgets being used to procure training, or devolved budgets being reallocated for non-L&D spend, meaning that the true Council-wide spend on learning and development is unknown.
 - Lack of a central fund for leadership development across the organisation.

- 3.3 A robust learning needs and validation process would be introduced to ensure that spend is allocated against priority needs.
- 3.4 The Council's combined learning and development budget for 2023-24 is £0.950m. Some of this is currently used for training non-employees and/or not for training purposes. Therefore, the budget and spend will be reviewed with budget holders prior to April 2024, to gain an understanding of any exceptions to spend for training employees before the final centralised budget is agreed.

4. Alternative Options Considered

- 4.1 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 in line with the Budget Monitoring Policy.

5. Implications

- 5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

6. Background Papers

- 6.1 None identified.

7. Appendices

- 7.1 Appendix 1- Implications
- 7.2 Appendix 2 – Key to Performance Ratings
- 7.3 Appendix 3 – Performance Report 2023-24 Council Overview
- 7.4 Appendix 4 – Adult Care - Portfolio Summary
- 7.5 Appendix 5 – Children's Services and Safeguarding and Education - Portfolios Summary
- 7.6 Appendix 6 – Clean Growth and Regeneration - Portfolio Summary

- 7.7 Appendix 7 – Corporate Services and Budget - Portfolio Summary
- 7.8 Appendix 8 – Health and Communities - Portfolio Summary
- 7.9 Appendix 9 – Highways Assets and Transport - Portfolio Summary
- 7.10 Appendix 10 – Infrastructure and Environment - Portfolio Summary
- 7.11 Appendix 11 – Strategic Leadership, Culture, Tourism and Climate Change - Portfolio Summary
- 7.12 Appendix 12 – Traded Services
- 7.13 Appendix 13 – Earmarked Reserves
- 7.14 Appendix 14 – Budget Savings Monitoring 2023-24
- 7.15 Appendix 15 – Aged Debt

8. Recommendations

That Audit Committee, subject to the approval of Cabinet of these recommendations at its meeting on 14 March 2024:

- 8.1 Notes the update of Council Plan performance and the Revenue Budget position/forecast outturn for 2023-24 as at 31 December 2023 (Quarter 3).
- 8.2 Notes the position on General and Earmarked Reserves.
- 8.3 Notes significant actions are required and will be undertaken across the Council to reduce the significant revenue overspend detailed in this report. Notes that Cabinet will be kept informed on the implementation and progress of these actions.
- 8.4 Notes the virement of devolved training budgets from departments to a centralised training budget managed by the Learning and Development team within the Human Resources function, with effect from 1 April 2024.

9. Reasons for Recommendations

- 9.1 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 2023-24. The outturn position supports the development of budgets in both the short and medium term.
- 9.2 Consideration of the balances of both the General and Earmarked Reserves supports good financial planning.
- 9.3 A centralised budget will allow better value for money to be achieved from training expenditure and more equitable access to training opportunities across the Council. The Council's Financial Regulations require that budget virements over £0.100m are approved by Cabinet.

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Appendix 1

Implications

Financial

- 1.1 An overall Council overspend of £34.071m is forecast, which is a deterioration on the forecast reported at Q2 (£32.947m). This position is already after substantial one-off support from the use of £37.997m of the Council's Earmarked reserves. The 2023-24 Budget approved by Council in February 2023 included the planned use of £23.707m from the Budget Management reserve for planned service pressures. A further £14.290m of Earmarked reserves (£9.816m at Q2) is now expected to be drawn down from departmental reserves to support the Adult Care (£7.308m), Childrens Services and Safeguarding and Education (£1.544m), Corporate Services and Budget (£2.035m) and Highways Assets and Transport (£2.664m) and Infrastructure and Environment (£0.739m) portfolio outturn positions.
- 1.2 The forecast overspend is in addition to the overspend reported for 2022-23 which resulted in the Council utilising £55m of its reserves in order to balance the budget to meet inflationary, demand and pay award cost pressures. This was an additional sum of £23m over and above that originally budgeted for at the time of setting the budget in February 2022.
- 1.3 Paragraphs 2.22 to 2.47 describe the reasons for the overspend. There continues to be inflationary and demand pressures, particularly for adults and children's social care. Costs and activity on reactive highways maintenance are high in response to an increased incidence of potholes resulting from deterioration of the network, bad weather and flooding.
- 1.4 At the time of setting the budget in February 2023, substantial investment was made in all service areas to support anticipated inflationary and demand pressures. However, despite this investment, inflation has continued to provide cost pressures to all service areas and the pay offer for 2023-24 is higher than estimated.
- 1.5 If the forecast overspend is not addressed, the Council's General Reserve balance will be depleted. Therefore, the Council is taking a number of actions to mitigate the overspend. This includes:
 - Finding alternative in year savings proposals.

- Looking at high-cost placements to find more suitable and cost effective options.
- Stopping or delaying projects until the next financial year to reduce planned expenditure in year.
- Implementing a vacancy freeze to reduce in year expenditure.
- Limiting expenditure on agency staffing to cover essential roles only.
- Introducing expenditure controls across non staffing budgets.

The forecast overspend has reduced considerably since Q1. It is anticipated that further reductions can be achieved as the cost control measures identified above take effect. The achievement of mitigating actions to reduce the overspend is being closely monitored by the Council's Chief Officers and senior leaders.

- 1.6 A number of local authorities are reporting substantial overspends, with some indicating that they may have to issue Section 114 Notices, this meaning that no new expenditure is permitted with the exception of funding to provide statutory services.
- 1.7 The Council works with partners such as the Local Government Association and the Society of County Treasurers to lobby government for additional funding to support vital services and to highlight the continued financial pressures facing the Council.

Legal

- 2.1 By law the Council must set and deliver a balanced budget, which is a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term. This can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels and regard must be had to any report of the Chief Finance Officer on the required level of reserves under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.
- 2.2 By virtue of section 114(3) of the Local Government Finance Act 1988, the Chief Finance Officer is required to issue a report where he considers that the expenditure to be incurred by the Council during a financial year is likely to exceed the available resources. The issue of a section 114(3) report would trigger a short term statutory prohibition on entering into 'any new agreement which may involve the incurring of expenditure' without the permission of the Chief Finance Officer.

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 delay in agreeing the pay award for 2023-24 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 reserves.

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

7.1 None.

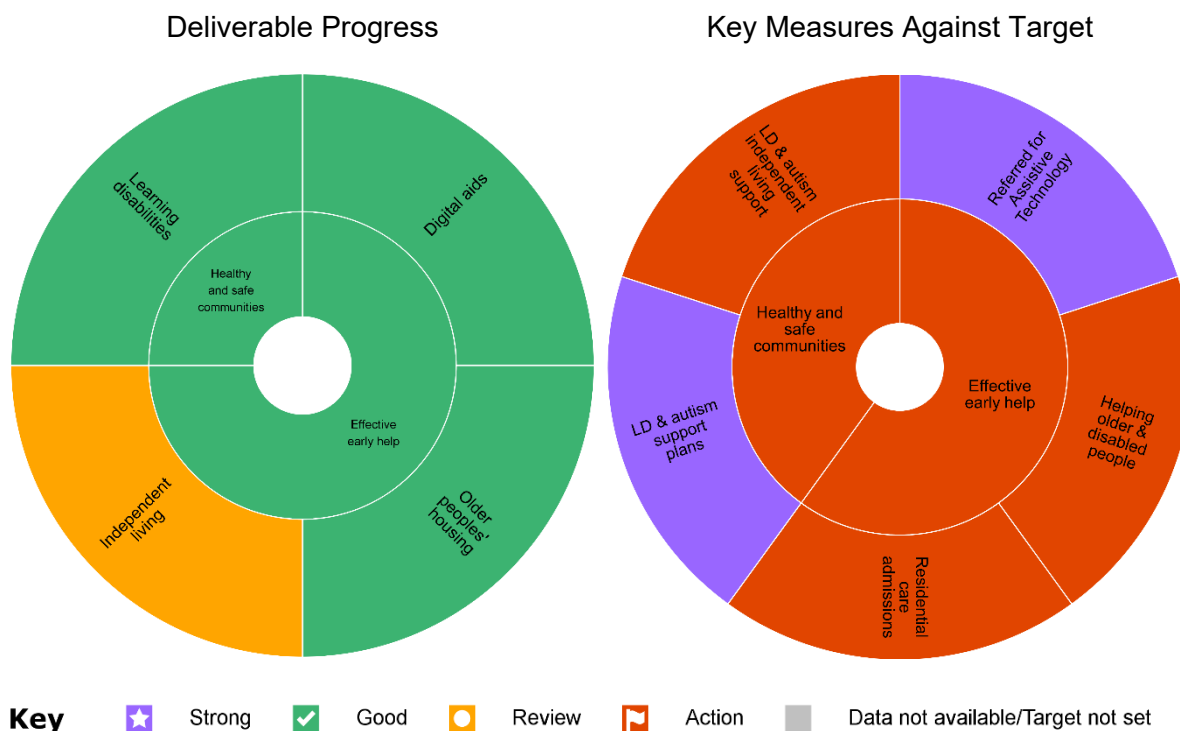
Appendix 2

Key to Performance Ratings

	Strong 	Good 	Review 	Action 	Not Updated
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.	
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 for 2023-24.
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.	

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Adult Care - Portfolio Summary



Progress is "good" for the majority of the Council Plan deliverables led by the portfolio.

A key area of success is:

- ✓ **Work alongside people with a learning disability, those recovering from mental ill health and/ or who are autistic to develop council services to ensure they are tailored to meet individuals needs and help people achieve their personal goals (rated Good).**

This quarter we have seen an increase in the number of outcome focused support plans that have been put in place. This is partly due to the start of the Community Connector offering. This quarter we have identified 183 outcome focussed support plans against a target of 30.

Key areas for consideration are:

- ◐ **Finalise 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 (requires Review)**

Issue: Whilst there is an improving position, the lack of available home care continues to impact on the Adult Social Care offer for older people.

Response: The Short Term Service (Reablement) has been redesigned to improve capacity and efficiency. This will increase the capacity available to older people requiring reablement intervention. Implementation will commence on 15 January 2024.

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 (requires Action)

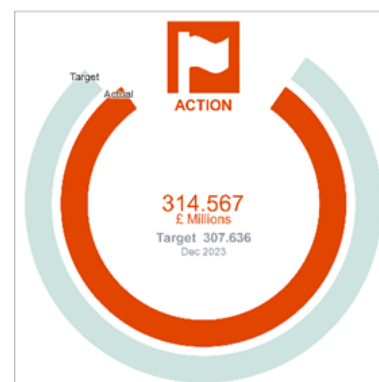
Issue: So far, 21 people have moved in 2023-24 which is below the aspirational target of 27 people. **Action:** We continue to work effectively with people to ensure their readiness to move into available, appropriate accommodation.

There is a forecast overspend of £6.931m on the portfolio after the use of £7.308m of departmental reserves. The main variances are:

Purchased Services, £16.376m 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.

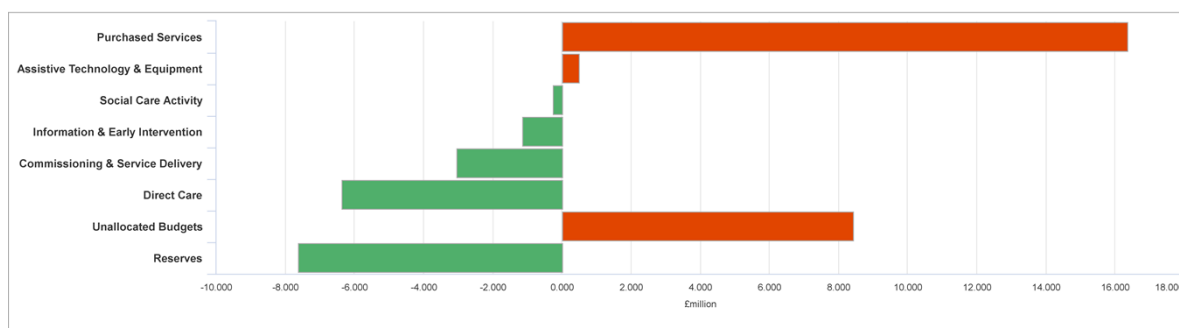
- ✓ Social Care Activity, £0.239m underspend - Underspend on staff pay and travel due to vacancies in social work and specialist teams.
- ✓ Information and Early Intervention, £1.128m underspend - Reduced activity and costs for alarm monitoring, housing related support and for some voluntary sector contracts.
- ✓ Direct Care, £6.369m underspend - £5.4m underspend on Direct Care home care due to a high level of vacancies, £1.7m underspend on Direct Care day centres as a result of reduced usage and re-provision, £0.4m underspend on Learning Disability residential units and £1.1m overspend on care homes for older people stemming from the increased care needs of residents.
- ✓ Commissioning and Service Delivery, £3.033m underspend - £0.8m underspend in respect of vacancies in the Business Services team and £0.7m underspend in respect of vacancies in the Commissioning, Contracts Team and Transformation Teams. Also, £1.5m underspend on Better Care Fund schemes.

Forecast Outturn against Target Budget



- Unallocated budgets, £8.433m overspend - Includes £8m of budget savings targets which are not achievable and £3m which aren't forecast to be achieved until 2024-25. These are offset by £2m of budget allocated to the portfolio for a one-off service pressure which is not anticipated to be required and budget allocated for ongoing services pressures where spend has not yet commenced.
- Assistive Technology and Equipment, £0.516m overspend – A £0.3m overspend on community disability equipment (a pooled budget with the NHS) and an overspend on of £0.2m on Telecare due to increases in price and demand.
- ✓ Reserves, £7.625m underspend – One-off use of reserves to reduce the portfolio overspend.

Forecast Under (-)/Over Spend by Service Line



The budget savings target for 2023-24 is £12.139m, with a further £3.009m target brought forward from previous years. £0.900m of the in-year savings target of £12.139 will be achieved. The shortfall is partly offset by £2.679m of one-off additional income achieved from a recovery of Direct Payment balances and a review of customers making a nil contribution.

Additional funding has been provided in the 2023-24 budget for the main growth items:

- Demographic Growth - £5.711m ongoing - Reflects expected increases in customer numbers and impact on package spend and social work team time. Also included is base budget to replace the LD and Autism Grant.
- Hospital Discharge pressure - £5.000m ongoing - Additional out of hospital spend, new hospital discharge protocol.
- Former Independent Living Fund (ILF) Grant - £2.534m ongoing - Former Govt Grant now included in the base budget.
- Invest to Save - £1.175m ongoing - Budget pressure to fund resources to support transformation projects and efficiencies.

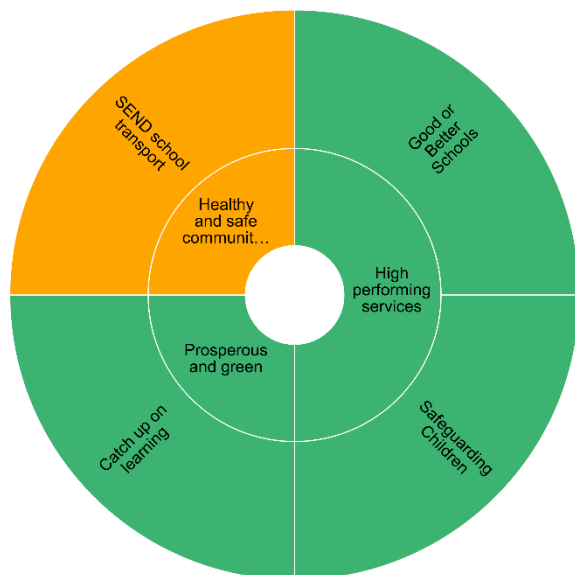
- Mosaic hosting costs - £0.125m ongoing - Cost of external hosting of Mosaic system.
- Social Care Reform - £0.300m one-off - Funding to support preparation for external inspection.
- Derbyshire Discretionary Fund - £2.006m one-off – Financial assistance scheme for residents of Derbyshire who meet eligibility criteria. The extension of the Household Support Fund into 2023-24 means this pressure is no longer required, however it has been agreed to hold it in Unallocated Budgets to reduce the wider portfolio overspend.
- Inflation on PVI Contract Fees - £22.830m ongoing - Additional budget reflecting the April 2023 National Living Wage uplift and CPI uplifts on non-pay.
- Inflation on transport and catering supplies - £0.358m one-off - Inflation pressure on catering contracts in directly provided care settings.

Other significant additional items of funding that the portfolio is expected to receive or has received since the budget was set are:

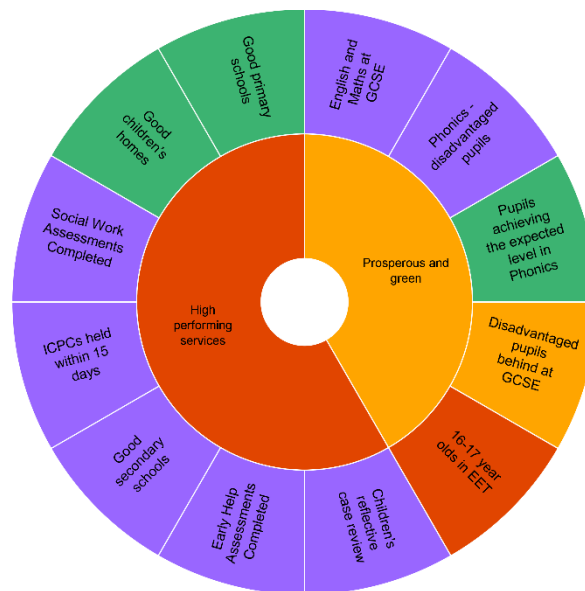
- Contain Outbreak Management Fund (COMF) - £1.500m one-off – grant used to support hospital discharges.

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" for the majority of the Council Plan deliverables led by the portfolio.

Key areas of success are:

Provide consistent, high quality early help and safeguarding services for children and families across Derbyshire (rated Good)

A range of evidence from our quality assurance and performance framework continues to show consistency of approach and strong practice across the children's social care and early help workforce. This is in the context of increasing demand and activity throughout the social care system. The publication of the final report from our recent full Ofsted inspection of children's services confirms a grading of good for all four of the graded judgements (impact of leaders, children who need help and protection, children in care and care leavers) and a grading of good for overall effectiveness.

✔ **Work with schools so that the percentage of children and young people attending good or better schools improves at a faster rate than nationally (rated Good)**

Derbyshire has seen a faster rate of improvement than that seen nationally for both primary and secondary pupils. The increase has been significant for secondary pupils with the highest proportion of Derbyshire pupils attending good or better secondary schools since recording of this indicator began. Proportions remain lower than comparators and the deliverable remains a priority for the 2023-24 academic year.

✔ **Work 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 (rated Good)**

2022-23 data for the percentage of pupils reaching the required standard in Phonics suggest an improvement in our national rank position and a narrowing of the gap between disadvantaged and non-disadvantaged pupils. Provisional data for the proportion of pupils achieving a standard pass (grades 4-9) in English and Maths at GCSE (Key Stage 4) meets the target of maintaining an outcome significantly better than national figures.

Key areas for consideration are:



🟡 **Review how the council delivers home to school transport for children with special educational needs ensuring the most effective use of resources (requires Review)**

Issue: This is a complex area with some significant risks particularly in terms of the required data and intelligence currently available to assess our statutory responsibilities and to support decisions to be able to deliver these in an efficient manner. **Response:** Work is now in place to start to implement and deliver the 18 month improvement plan. An independent lead for the implementation of the plan is in place and the improvement plan has been linked to both the Special Educational Need and Disabilities Executive Board and the Education Partnership. A decision-making team is now established and work is starting to move forward.

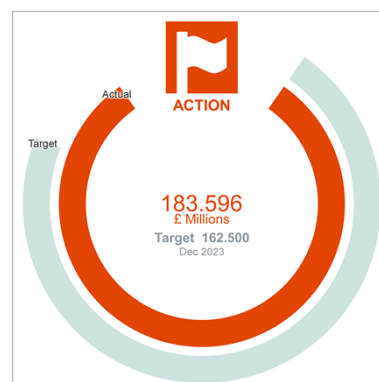
Percentage of 16 to 17 year olds in education, employment or training (3 month avg) (requires Action)

Issue: The percentage of 16 to 17 year olds in education, employment or training for the 3 months of September, October and November 2023 is 72.2%. Performance is below the national figure (78.5%) and the outcome for East Midlands (83.6%) with current performance placing Derbyshire in the lower-middle quartile. The target this year is to maintain performance within the top quartile nationally. **Action:** 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 (September). This is a significant task for larger local authorities like Derbyshire as the definitive position for every 16-17 year old in the county needs to be established. Hence performance at this time of the year is usually below comparators. Performance is in-line with the same time last year when top quartile performance was achieved by the time the annual snapshot was taken (3 month average between December and February). The latest available figure for the 3 months of November, December and January is 93.4%. This is above the national figure of 91.0% and the outcome for East Midlands (92.5%) and is currently within the top quartile nationally.

There is a forecast overspend of £21.096m on the portfolio after the use of £1.544m of departmental reserves. The main variances are:

-  Placements for Children in Care/unable to remain at home, £16.671m 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, exacerbated by a shortage of foster care places.
-  Early Help and Safeguarding Services, £3.276m overspend - Demand for early help and safeguarding services are high. A 32% increase in contacts to the service this year has led to a 4% increase in child protection plans, a 6% increase in children in care and 2% increase in children in need. Overall the service works with around 5,000 children. In order to respond to the high level of demand, an appropriate level of skilled workforce is

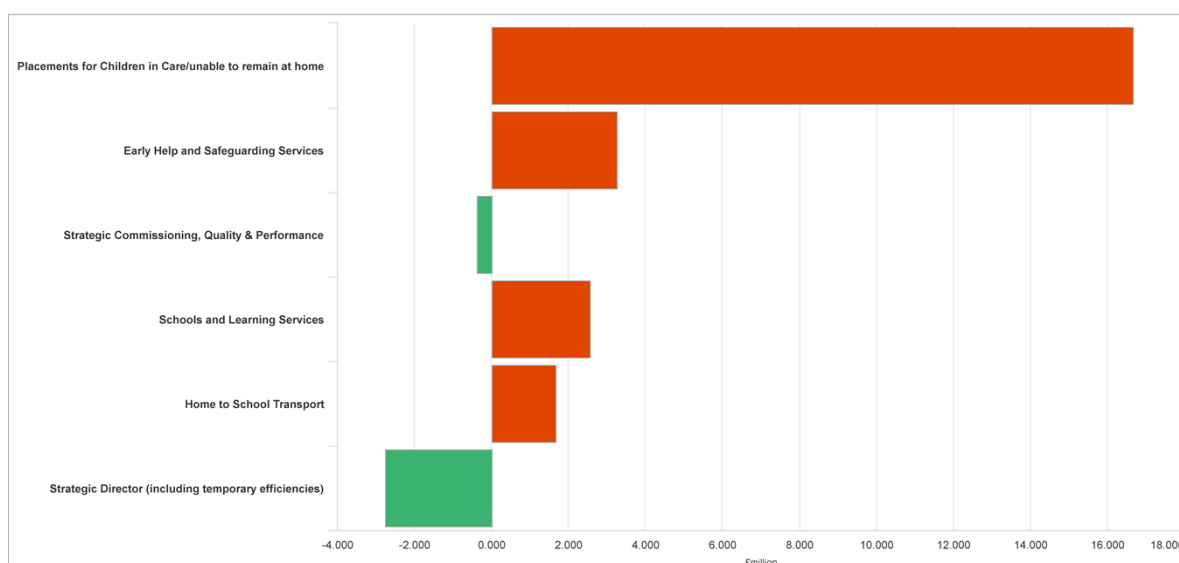
Forecast Outturn against Target Budget



required, which necessitates the use of agency workers to cover vacancies.

- ✔ Strategic Commissioning, Quality & Performance, £0.369m underspend - Vacancy control in the department's support services teams.
- ✘ Schools and Learning Services, £2.580m overspend - £1.714m of the overspend is on the Special Educational Needs and Disabilities (SEND) Assessment and Educational Psychology services. These services have seen an unprecedented rise in demand, assessment requests have risen 33% and the number of Education Health Care Plans (EHCPs) have risen 27% over the last 12 months. £0.951m overspend relates to the catering traded service. The service overspend is a cumulation of two pay awards and increasing costs for food and transport. The service has increased charges, and made efficiencies to the operating model to reduce the cost impact and put it on a sustainable footing.
- ✘ Home to School Transport, £1.683m overspend - Projected spend exceeds current allocated budget due to an increase in the number of children eligible for Council funded SEND 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. Childrens Services and Public Transport are working together to develop a new operating model, commissioning and decision making process to help manage demand within the budget framework.
- ✔ Strategic Director (including temporary efficiencies), £2.745m underspend - Relates to one-off factors such as non-recurrent grant income and drawdowns from reserves used to reduce the portfolio overspend.

Forecast Under (-)/Over Spend by Service Line



The budget savings target for 2023-24 is £0.500m. The in-year savings target of £0.500 will be achieved.

Additional funding has been provided in the 2023-24 budget for the main growth items:

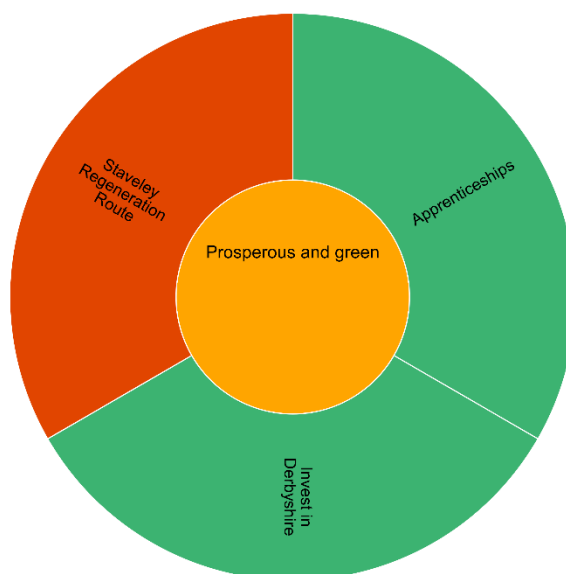
- Home to School Transport - demand - £1.084m one-off - The allocation recognises the greater numbers of children and young people with SEN and increased cost of journeys.
- Home to School Transport - inflation - £1.811m ongoing - Allocated from the inflation contingency for the increase in transport costs.
- 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.
- 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.
- Children's Social Care - inflation - £5.992m ongoing - Allocation from the inflation contingency for the increase in placement and other service costs.

Other significant additional items of funding that the portfolio is expected to receive or has received since the budget was set are:

- Holiday Activities and Food Programme and Household Support grants - £13.700m one-off – grant income used to fund the cost of delivering the programmes.
- Dedicated Schools Grant (DSG) contribution to costs - £0.711m one-off – support for Early Help services.

Clean Growth and Regeneration - Portfolio Summary

Deliverable Progress



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:

✓ **Refresh and implement our approach to increasing levels of inward investment into the county (rated Good)**

The council's Inward Investment service continues to promote Derbyshire's investment opportunities. This interest came from UK businesses and foreign investors in the manufacturing, retail, green technologies, and office accommodation industries. Demand for freehold land and sites with mid-size industrial units continues to be popular and ongoing support has been provided to businesses expanding their operations in the county. Great potential to boost inward investment and create a significant number of new jobs across the county within the next 3 years has been demonstrated by both new and existing enquiries.

✓ **Continue to work with Derbyshire businesses to support the creation of apprenticeship opportunities in key economic sectors, connecting people to local job opportunities (rated Good)**

During Quarter 3 nine apprenticeships within seven Small and Medium Enterprises have been formally supported by the council's Apprenticeship Levy, and at the end of Quarter 3 a total of £289,637 of the council's Apprenticeship Levy has been transferred to businesses.

A key area for consideration is:

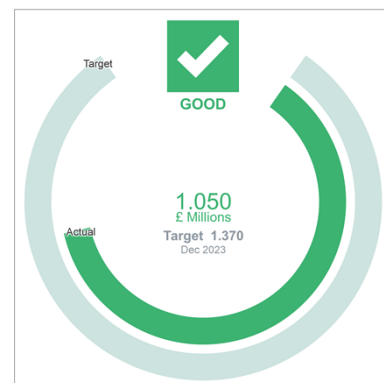
Submit the planning application and continue to progress proposals for the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area (requires Action)

Issue: Action on the project rests with Government, to confirm or reject the business case. **Action:** Repeated action has been taken at officer and political levels to push for resolution.

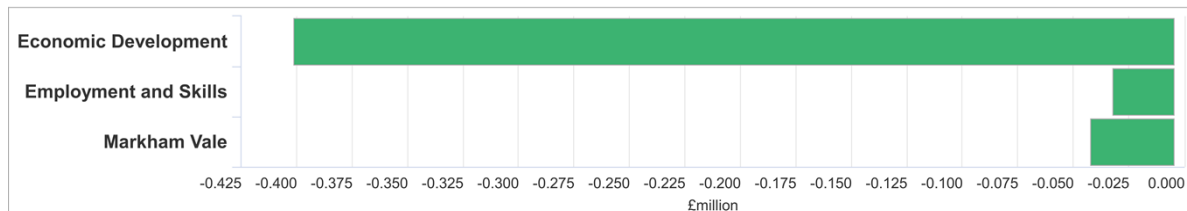
There is a forecast underspend of £0.320m on the portfolio. The main variances are:

Economic Development, £0.401m underspend - Due to staff vacancies, held to meet a restructure planned for 2023-24.

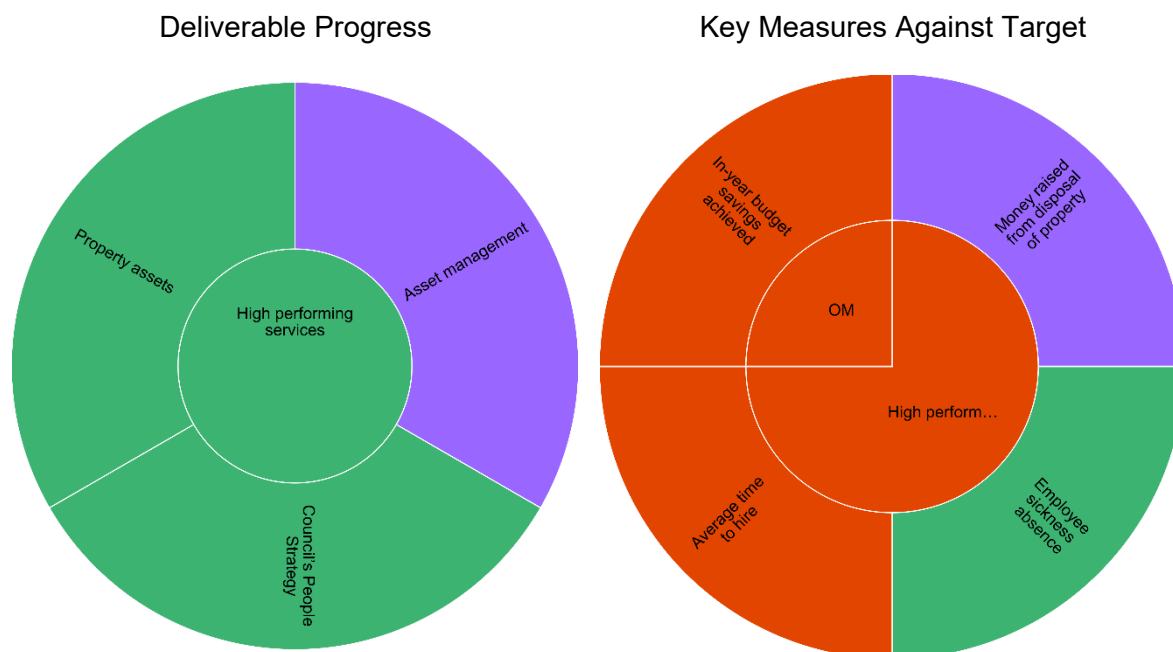
Forecast Outturn against Target Budget



Forecast Under (-)/Over Spend by Service Line



Corporate Services and Budget - Portfolio Summary



Key ☆ Strong ✓ Good ● Review 📌 Action ■ Data not available/Target not set

Progress is "good" or "strong" for all of the Council Plan deliverables led by the portfolio.

A key area of success is:

- ☆ **Implement the Asset Management Strategy and Property 2025 programme, reviewing and rationalising our land and building assets and ensuring an effective plan is in place for the management of those we retain (rated Strong)**

All strategies have been approved by Cabinet with the business case for County Hall being considered during January. The Asset Management strategy is intended to maximise the effectiveness of the council's property portfolio in providing services whilst delivering year on year savings in running costs. So far this year disposal of property has raised £4.658m in capital receipts, above the end of year target of £4m. The savings in terms of running costs will be included in the year end report.

Key areas for consideration are:

- 📌 **Average days between a job vacancy shortlisting and contract offer (council, not including schools) (requires Action)**






Issue: Quarter 3 has seen a slight increase in the year to date figure to 65.7 from the Quarter 2 figure of 64.1 days. The target is 50 days. **Action:** With the exception of Children's Services, departmental averages have reduced during

Quarter 3. There continue to be delays in the Disclosure and Barring Service (DBS) check processing which is impacting on this measure.

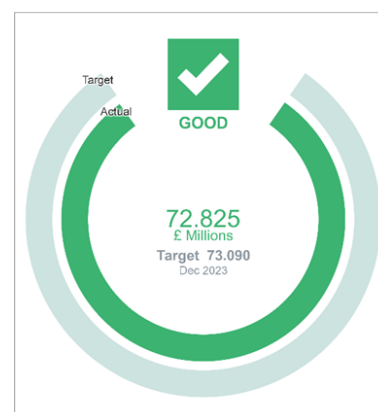
Projected achievement of in-year budget savings (requires Action)


Issue: Of the in-year savings target of £16.190m, £8.937m is forecast to be achieved. **Action:** The Council continues to review planned savings initiatives and explore, and implement, opportunities for further or alternative in-year efficiency measures to offset the ongoing budgetary pressures.

There is a forecast underspend of £0.265m on the portfolio after the use of £2.035m of departmental reserves. The main variances are:

-  Corporate, £0.385m overspend - A brought forward savings target for Channel Shift held centrally.
-  Finance & ICT, £0.670m underspend - Due to underpends of £0.441m in Corporate Finance and £0.656m in ICT because of vacancies. This underspend allows for the current costs of consultants and agency staff working in the ICT section. Partially offset by an overspend of £0.433m relating to the SAP system arising from an unachievable savings target of £0.670m that was originally proposed the new SAP Hana system would achieve through process savings throughout the Council.
-  Legal services, £0.560m underspend - Mainly due to vacancies in all areas. Also, due to increased recharge income arising from a sustained increase in usage volumes, especially use of postal services. The new Multi-Functional Device contract went live in July and charges for printing usage will be monitored closely in order to recover all relevant costs. The underspend is reduced by the increased costs of digital autopsies and a reduction in income from marriages due to the current financial climate.
-  Human Resources, £0.609m underspend – Underspends on the training budget of £0.293m, increased income generated by HR Operations for schools of £0.200m, vacancies of £0.116m and the cessation of the Work Experience service saving £0.113m.
-  Transformation & Strategy, £1.569m underspend - Underspends in Project and Programme Management of £0.556m due to vacancies and Strategy and Policy of £0.755 primarily due to vacancies which are proving difficult to recruit to. There is also an underspend of £0.233m relating to the training budget.

Forecast Outturn against Target Budget



 Corporate Property, £2.775m overspend – The Property budget has a structural overspend, made up of historic differences in the cost of running assets and the allocated budget transferred to the Corporate centre, plus savings measures which have not been practically implementable. The Property budget is under review to ensure that structural overspends, which cannot be practically addressed by the Property Division through additional savings measures, at least in the short term, are understood.

Reductions in property operations external contract income, noting that assumptions around external income need to be revisited for the reasons described above.

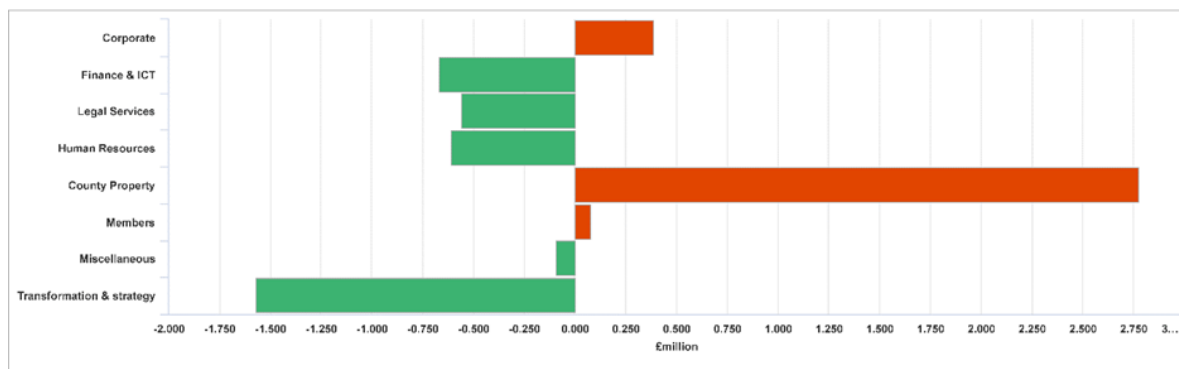
The Cabinet agreed a change from a Property Maintenance and Construction Service as a Traded Service, to an internal Property Maintenance Service, sized to the delivery of essential maintenance to the council's assets, against a backdrop of asset rationalisation where the number of assets the council holds is reducing. Whilst the changes to the council's service are underway, and its asset base is reducing, the assumptions in the council's budget still relate to the Traded Service model, and the future Property Maintenance Service's budget has not yet been agreed. Whilst the current financial model remains, it will report under-recovery of property operations overheads, because less work is being conducted without a corresponding reduction in fixed costs.

An overspend on Facilities Management relating to Cleaning and Caretaking due to relinquishing budget in 2022-23 for savings anticipated from site rationalisation and a 9% price increase in the contract with Vertas due to rises in the National Living Wage and Consumer Price Index (CPI).

Overspends are somewhat offset by an additional budget allocation in recognition of £0.200m of dividend income to be received from joint venture companies Concertus and Vertas.

Impacts from high inflation affecting utilities, security, rates and maintenance costs, including the impact on the cost of carrying properties awaiting disposal or repurpose, have been funded by the allocation of £4.509m from the contingency budget.

Forecast Under (-)/Over Spend by Service Line



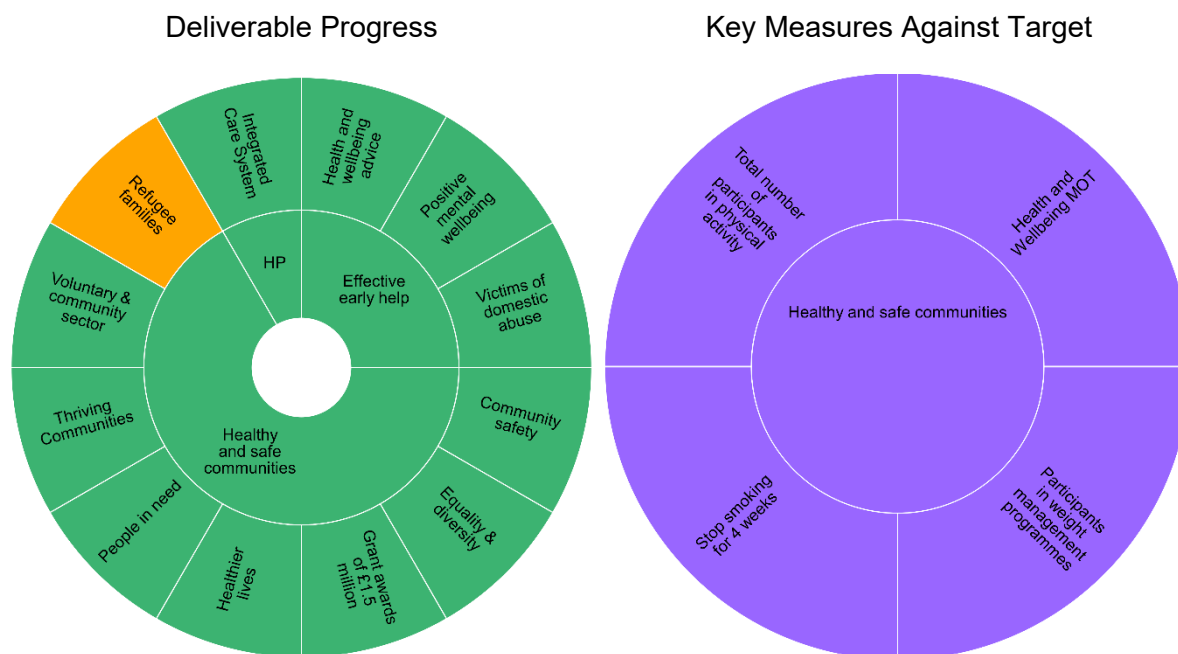
The budget savings target for 2023-24 is £0.625m, with a further £2.070m target brought forward from previous years. The in-year savings target is not expected to be achieved.

Additional funding has been provided in the 2023-24 budget for the main growth items:

- Leadership Development Programme - £0.300m one-off - To enable the second year of the Council's leadership development programme.
- Corporate Property - Disposal Professional Fees - £0.446m one-off - To instruct property agents and solicitors required to deliver capital receipts for the forecasted five-year Disposals Programme.
- Corporate Property - Demolition Budget - £0.550m one-off - To replenish the Corporate Revenue Demolition Budget which is already fully committed for this financial year.
- Corporate Property - Asset Valuations & Fees - £0.324m one-off - Additional fees required to meet the statutory requirement to value the Council's Property Asset base including the newly introduced IFRS 16 valuations.
- Corporate Property - Commercial Appraisal Officers - £0.229m one-off - Development Appraisal Team required to accelerate asset appraisals.
- Corporate Property - Carbon reduction for Corporate Buildings - £0.400m one-off - To support the carbon reduction programme for corporate buildings.
- Corporate Property - CCTV Installations / Rationalisation - £0.179m one-off - To implement outcomes of CCTV Governance investigations in order to bring the Council into a position of compliance with the Information Governors Code of Practice.

- Corporate property - Decommissioning, Dilapidations & Staff Relocations - £0.501m one-off - To decommission buildings that are closing and being disposed of.
- Corporate Property - Project Co-ordination Pool - £0.143m one-off - To add additional resource for internal projects to achieve the asset rationalisation programme.
- Corporate Property Running Costs - Inflation/Contingency - £4.509m one-off - To cover increased property running costs including utility costs.
- Legal Services - Staffing budget deficit - £0.952m ongoing - To ensure the Legal Services salaries budget meets the costs of the current structure.
- Legal Services-Child Protection - £0.850m ongoing - Jointly endorsed pressure by Legal Services and Children's Services to secure funding to cover the budget deficit for children in care proceedings.

Health and Communities - Portfolio Summary



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:

- ✓ **Ensure the council's strategic approach to community safety responds effectively to existing and emerging challenges such as Serious Violence and Violence Against Women and Girls (rated Good)**

Examples of Community Safety activity over the last three months include, the establishment of a mini Serious Violence Unit and completion of the Serious Violence Needs Assessment, the Commissioning and mobilisation of services directly supporting young people vulnerable to becoming involved in serious violence, national recognition for the council's work on preventing counter terrorism and tackling online harm and the publication of the council's Modern Slavery Statement.

- ✔ **Provide support to people and communities in need, including financial help from our Discretionary Fund and other activities that promote financial inclusion and tackle cost of living pressures (rated Good)**

The Household Support Fund has seen strong delivery across the Derbyshire Discretionary Fund (DDF); Children's Services Professionals route; and Grocery vouchers to eligible families. Support to foster carers has picked up this quarter and the vouchers for low income pensioners and disabled people have started. All actions are on track in line with the delivery plan.

- ✔ **Work with partners to enable people to lead healthier lives by supporting people to take part in physical activity, to stop smoking and manage their weight (rated Good)**

Live Life Better Derbyshire (LLBD) continues to perform well and whilst there has been a reduction in the number of health and wellbeing MOTs completed and people participating in our stop smoking and physical activity services compared to Quarter 2, nevertheless LLBD is on track to meet or exceed its yearly targets and overall performance remains good.

- ✔ **Work in partnership with the NHS to implement the Integrated Care Strategy to benefit the health and wellbeing of the people of Derbyshire, tackle health inequalities and demonstrate a move towards more preventative interventions and investment (rated Good)**

The public health team is supporting three development stages on tobacco control and smoking cessation for the Integrated Care System (ICS) Stay Well Key Area of Focus. The three development stages are services, communications and strategy. These development stages will support the ICS strategy to deliver population health impacts and outcomes. The development stages are also feeding into a newly forming Tobacco Control Strategic Board.

- ✔ **Improve outcomes for victims of domestic abuse and their families by focusing on prevention, early intervention, work with perpetrators and commissioning specialist support (rated Good)**

The Domestic and Sexual Abuse Partnership Board is well established, and work is being delivered against all priorities.

- ✔ **Work with partners to promote positive mental wellbeing and improve support for local people, with a particular focus on children and young people and suicide prevention (rated Good)**

During Quarter 3, the Let's Chat Derbyshire Podcast launched, with the first episode airing on 10 October 2023 with over 3,000 listeners. Since then, three more podcast episodes have been released, covering various themes and speaking with people about mental health, suicide prevention, and neurodiversity.

✔ **Deliver health and wellbeing advice and coaching to prevent, reduce and delay the need for adult social care services (rated Good)**

The Health and Wellbeing Team are currently actively supporting a total of 251 people and have received 83 new introductions in Quarter 3, with a total of 222 new introductions and 88 shared agreements since April 2023.

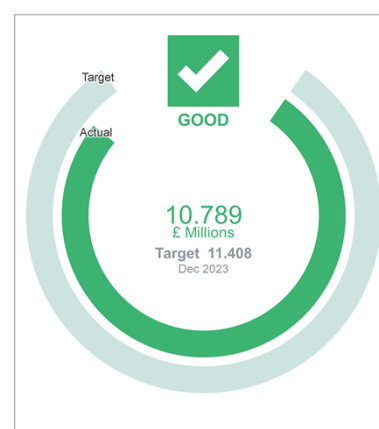
A key area for consideration is:

🟡 **Work with partners to welcome refugee families into Derbyshire and developed a countywide response to the implementation of asylum dispersal (requires Review)**

Issue: The provision of accommodation and support for those seeking asylum is becoming a significant issue, the funding available for central government support is being passported to Districts and Borough Councils. **Response:** The council is providing support to partners and engaging in multi-agency meetings. Moving forward, consideration needs to be given to the role the council can play in relation to the co-ordination of a countywide response to the roll out of asylum dispersal.

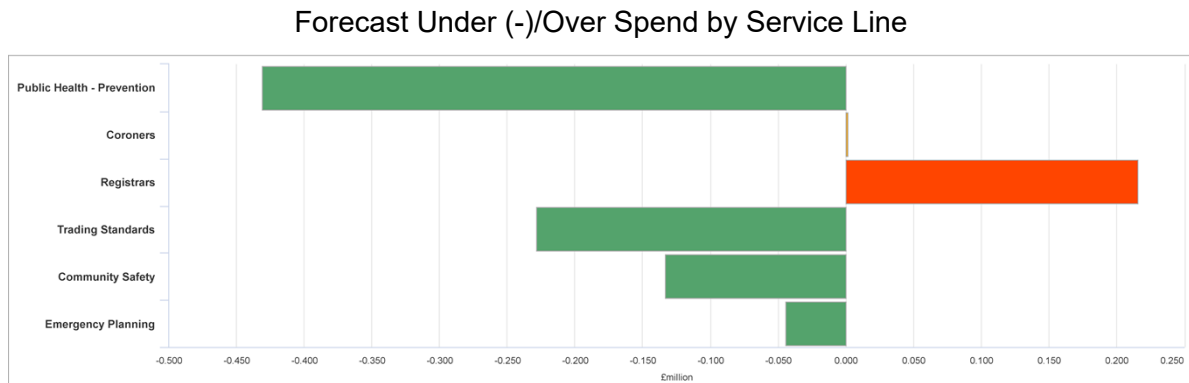
There is a forecast underspend of £0.619m on the portfolio. The main variances are:

Forecast Outturn against Target Budget



🟡 Registrars, £0.215m overspend - Income from weddings has decreased at several offices. This is due to the current financial climate, with a significant number of ceremony cancellations. The price increase of 10% for 2023-24 may also be reducing demand. One ceremony room, that was previously closed due to health and safety, has been decorated and reopened for business so could generate additional income. Staffing levels have been adjusted to meet the manning needed for the new opening hours. The Bakewell registry office is due to have some free publicity which may increase bookings and therefore overall income levels.

- ✔ Trading Standards, £0.228m underspend - Vacancies.
- ✔ Community Safety, £0.133m underspend - Not undertaking one-off projects.
- ✔ Prevention, £0.431m underspend - Additional funding from the Contain Outbreak Management Fund and Public Health ringfenced grant.



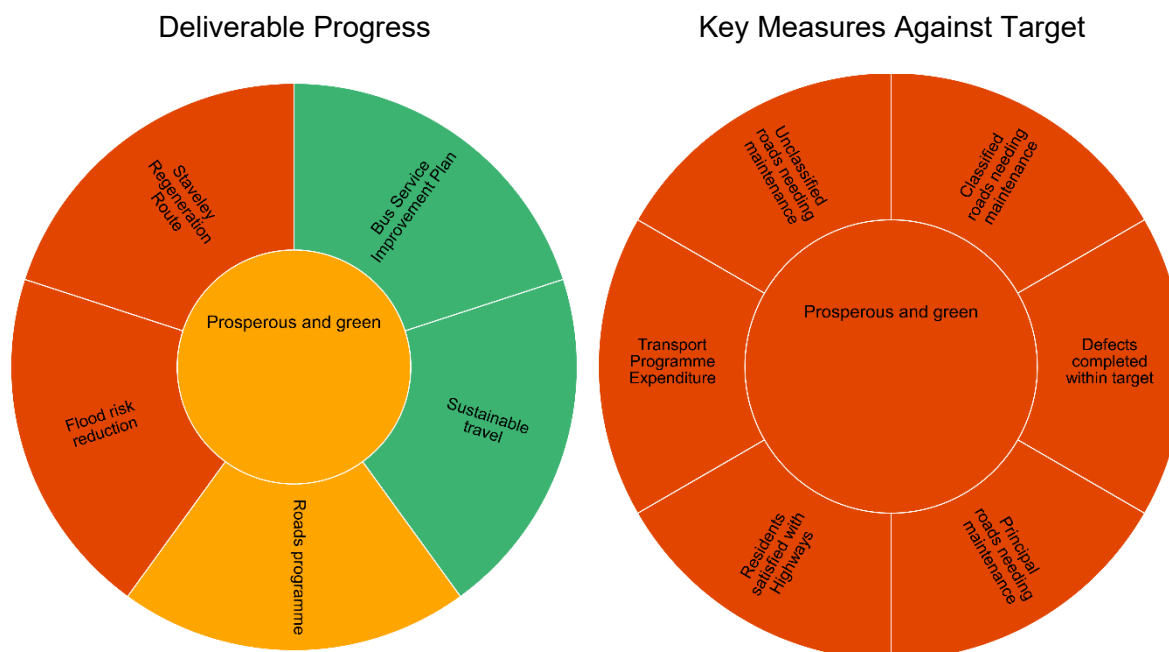
Additional funding has been provided in the 2023-24 budget for the main growth items:

- Trading Standards - £0.046m one-off - New APP/Flare Database due to current system coming to the end of its contract.

Other significant additional items of funding that the portfolio is expected to receive or has received since the budget was set are:

- Public Health - £11.137m one-off - Contain Outbreak Management Fund (COMF) Grant income with end date of 30th Sep 2024.
- Prevention Household Support Fund - used by the Derbyshire Discretionary Fund (DDF) - £2.006m one-off - now extended to 31st March 2024.

Highways Assets and Transport - Portfolio Summary



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:

- ✓ **Develop and deliver a strategic approach to sustainable travel and transport across the county, including the promotion of cycling and walking (rated Good)**

Significant progress has been made in developing and delivering sustainable travel and transport projects. The Active Travel bid Circa £7m of external funding has been secured to support sustainable travel projects. The joint work on the Local Transport Programme is progressing across Derby, Derbyshire, Nottingham, and Nottinghamshire (D2N2) areas in preparation for the combined authority; sustainable travel (mobility hubs etc) has been embedded in the proposals.

- ✓ **Deliver a £47 million Bus Service Improvement Plan in partnership with Derbyshire bus operators and establish a 3-year programme to develop and improve bus frequency, connectivity, usage and affordability (rated Good)**

Good progress has been made this quarter to aid bus operations across the highways network to improve passenger journeys. b_line card holders have received benefits from a £1.50 flat fare for travel within Derbyshire.

Improvements to numerous bus services across the county increasing the frequency and extension of routes is now in place.

Key areas for consideration are:

🟡 **Complete the delivery of a £120 million 3-year Local Transport Programme (LTP) to provide well managed roads and highways and address road safety concerns (requires Review)**

Issue: Due to the series of adverse and unpredictable weather conditions experienced recently, the volume of new defects reported continues to rise and the demand outweighs the resources available. The switch to the new asset management system Alloy has impacted on the reporting as the system is being introduced. The Annual Engineers Inspection (AEI) undertaken between April and June is used to support the preparation of the following year's delivery programme. The survey splits the roads into categories of Principal (major A roads), Classified roads (Smaller roads known as B and C), and unclassified roads (lesser used roads). The results show that there are 27.8% of Principal roads, 37.0% of classified roads and 36.5% of Unclassified roads needing maintenance, which is indicative of a network that requires additional capital investment in the highway asset, and is well documented at a national level for a number of years. The annual National Highways and Transport public satisfaction survey reports that 49% of residents are satisfied with local Highways and Transportation services, which is a decrease from last year's figure of 51%. **Response:** The announcement from Network North has provided an indication of additional long-term highways funding between 2023 to 2034. To date £3m has been received this financial year and we are to receive a further £3m in 2024-25 however, the allocations for the remaining indicative funding has yet to be published. In terms of reporting, the design of reporting mechanisms is underway and will be developed alongside the Priority Pothole Response that has been initiated to focus activity and response following the series of adverse weather events experienced over Quarter 3 and continuing into the New Year. The additional pothole grant of £7.2m received from the Department for Transport during this financial year, will be used to help to mitigate the impacts of the increased demand with the intent of providing permanent repairs at identified locations.

Reduce 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 support and develop flood resilience measures (requires Action)

Issue: Storm Babet in October 2023 has significantly impacted upon the teams deliverables from previous quarters. Over 1,400 properties have experienced internal flooding, and along with hundreds of additional enquiries generated, the team's business as usual activities have had to be suspended until at least the end of Quarter 4. **Action:** Looking ahead into 2024 and beyond, it is clear that there will be a significant expectation from residents and business affected by the recent flood event, to provide future flood mitigation, and although the team will work hard in trying to deliver this, the reality is, that the current teams capacity had already reached a limit, in terms of what it can actually deliver, and Storm Babet has exacerbated this issue.

Submit the planning application and continue to progress proposals for the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area (requires Action)

Issue: Action on the project rests with Government, to confirm or reject the business case. **Action:** Repeated action has been taken at officer and political levels to push for resolution.

There is a forecast overspend of £4.644m on the portfolio after the use of £2.664m of departmental reserves. The main variances are:

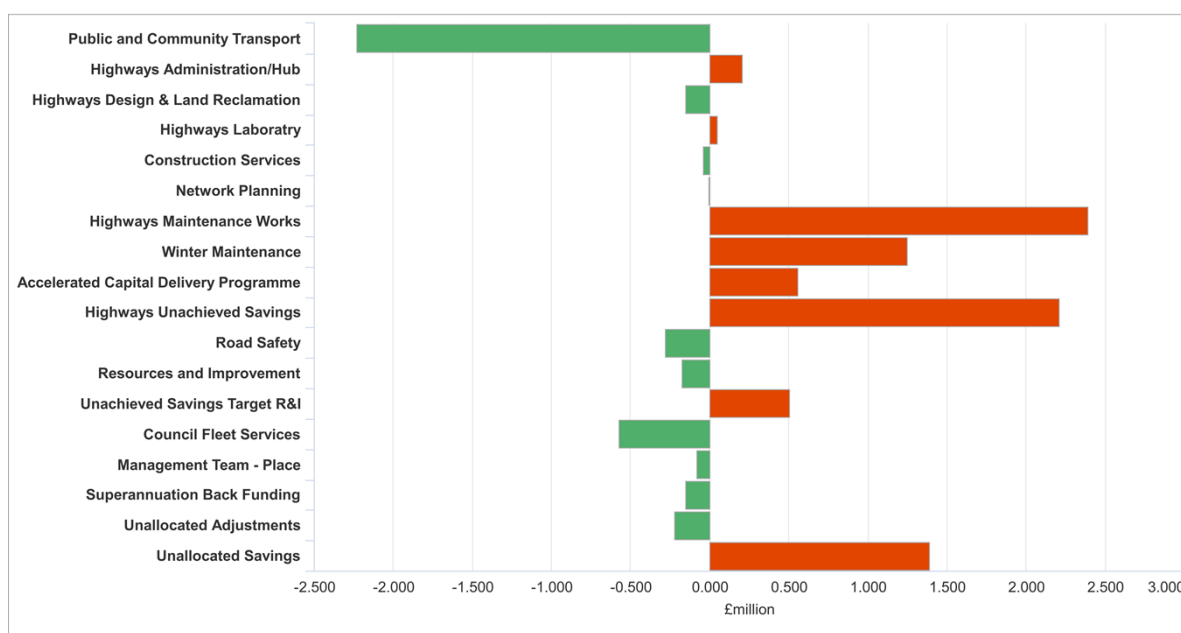
- Public and Community Transport, £2.228m underspend - Due to additional Local Transport Funding (LTF) being received in year and some staffing costs being funded from the Bus Service Improvement Programme (BSIP) Funding.
- Highways Maintenance Works, £2.390m overspend - Increased reactive maintenance works being carried out.
- Winter Maintenance, £1.247m overspend - The budget for is only sufficient to cover a mild winter season, the current prediction is based on a severe winter. The balance of £0.280m available in the Winter Maintenance Reserve has been fully drawn to reduce the overspend.
- Accelerated Capital Delivery, £0.558m overspend - Unfunded staffing costs associated with the delivery of the Manifesto Pledge of a £120m capital delivery programme.

Forecast Outturn against Target Budget



- Highways Savings Yet to be Achieved, £2.212m overspend - Savings targets relating to initiatives previously identified able to be delivered. These targets will be removed as part of the 2024-25 budget setting process.
- Unachieved Resources and Improvement Saving, £0.503m overspend - A historic staff savings target which due to recent restructuring cannot now be fully achieved due to a reduction in the size of the departmental establishment. This target will be removed as part of the 2024-25 budget setting process.
- ✓ Council Fleet Services, £0.574m underspend - Income received in relation to the Police Contract is higher than budgeted.
- Unallocated Savings, £1.387m overspend - Savings allocated to the departmental budget for which there are no identified initiatives to enable them to be achieved. The overspend has been reduced by the use of £0.739m of departmental earmarked reserves.

Forecast Under (-)/Over Spend by Service Line



The budget savings target for 2023-24 is £0.500m, with a further £3.671m target brought forward from previous years. The in-year savings target will not be achieved.

Additional funding has been provided in the 2023-24 budget for the main growth items:

- Highways Reactive Maintenance - £2.500m one-off - As the highways authority the Council has a statutory duty to maintain highways. Reactive maintenance is necessary whereby the Council is required to attend to defects on the highways and in response to emergency situations such as flooding. The Highway Service operates an out-of-hours service and is developing procedures to allow quicker response times. Neglecting this duty can lead to claims against the Council for damages. The current delivery model is being reviewed under the ongoing work in the Derbyshire Highways Programme.
- Highways - £2.000m ongoing - Current budgets within the Highways Service were set on an historic organisational structure with an income target that is not achievable with the current level of staff resource, this will allow the service to set a realistic capital recharge recovery rate.
- Bus Companion Service - £0.150m ongoing - Introducing a Companion Service will allow a discretionary service to provide free travel to a family member or carer when they accompany Gold Card holders.
- Commercial Services - £1.000m ongoing - Most of the local bus services in Derbyshire are run commercially. Providers have withdrawn from certain routes as they are no longer commercially viable. Where there isn't a commercial case to operate specific local bus routes across Derbyshire, then the Council – in its role as Local Transport Authority (LTA) – can consider funding a service to maintain services where there is a social, economic, and environmental need for them to operate key routes in the county.
- Restructure of Intergrated Transport Unit - £0.200m ongoing - A service restructure is required to ensure adequate resources are in place to meet current and future demands and challenges, improve service delivery and efficiency, meet the Council's statutory duties, and administer the Bus Services Improvement Plan (BSIP) grant.
- Inflation on Reactive Maintenance - £1.025m one-off - For price increases of construction materials needed to maintain the highway.
- Inflation on Tendered Network - £1.700m one-off - For increases to contract prices associated with the supporting the local bus network.

Infrastructure and Environment - Portfolio Summary

Deliverable Progress



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:

- ✓ **Develop the Local Nature Recovery Strategy for Derbyshire in accordance with the Environment Act 2021, for the coordinated benefit of Derbyshire's natural environment (rated Good)**

Good progress is being made towards the Local Nature Reserve Strategy (LNRS) for Derbyshire. Constructive discussions with Derbyshire's District and Borough Councils have taken place this quarter and there has been successful recruitment to the post for LRNS Officer. A Cabinet report regarding partnership governance arrangements has been submitted, and the LNRS conference will be attended on the 29 January 2024.

- ✓ **Finalise and implement a new Digital Strategy for Derbyshire, including support for the roll out of gigabit technology (rated Good)**

The Digital Strategy and Action Plan have been finalised with report to Cabinet in February 2024 pending budget confirmation. The Project Gigabit regional supplier contract has been awarded to Connect Fibre and will benefit over 17,000 homes. The local supplier to be awarded in late January 2024. Currently 97.7% of properties in Derbyshire have access to superfast broadband.

- ✓ **Work with partners to finalise the regional response to the Integrated Rail Plan, including a refreshed HS2 Growth Strategy, an action plan to prepare for Midland Mainline electrification and implementation of Restoring Your Railways programme (rated Good)**

in October 2023 the Government's Network North announced a funding transfer from HS2 to other projects across the North and Midlands, including confirmation of future funding for the Barrow Hill Rail Line and Ivanhoe Rail, subject to approval of the Restoring Your Railways business cases. It also sets out a new project to electrify the Hope Valley Line between Manchester and Sheffield to reduce journey times.

A key area for consideration is:

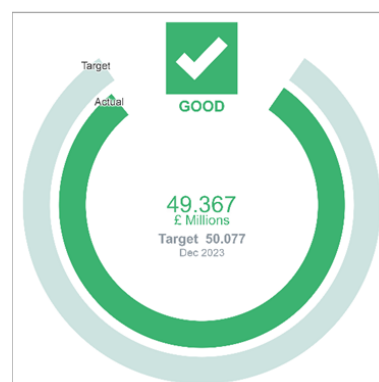
- ✘ **Submit the planning application and continue to progress proposals for the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area (requires Action)**

Issue: Action on the project rests with Government, to confirm or reject the business case. **Action:** Repeated action has been taken at officer and political levels to push for resolution.

There is a forecast underspend of £0.710m on the portfolio after the use of £0.739m of departmental reserves. The main variances are:

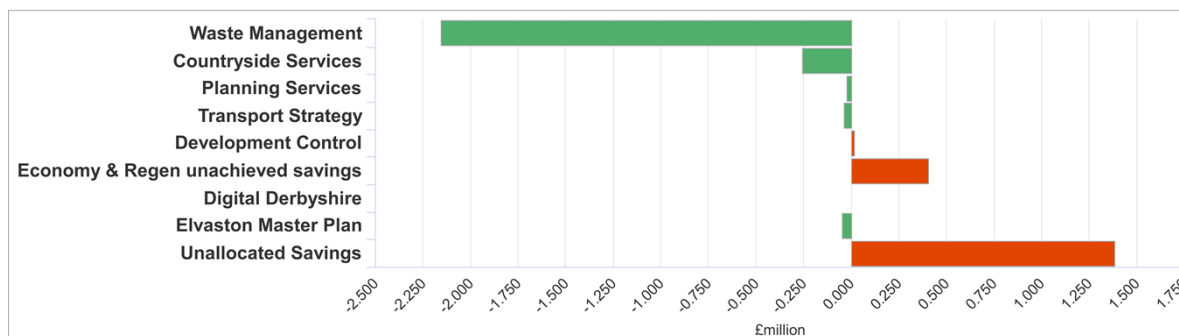
- ✓ Waste Management, £2.154m underspend – Annual tonnages have decreased by an estimated 6%. The contracts that are in place for waste disposal and treatment contain binding indexation mechanisms uplift costs by general inflation. However, £3.583m of Corporate Contingency budget has been used to mitigate the inflationary pressures.

Forecast Outturn against Target Budget



- ✘ Planning and Development Control Savings Target, £0.405m overspend - A staffing restructure has been carried out which has achieved an in-year saving of £0.058m. A full year saving of £0.232m will be reflected in 2024-25.
- ✘ Unallocated Savings, £1.387m overspend - Savings allocated to the portfolio but not yet allocated to specific areas.

Forecast Under (-)/Over Spend by Service Line

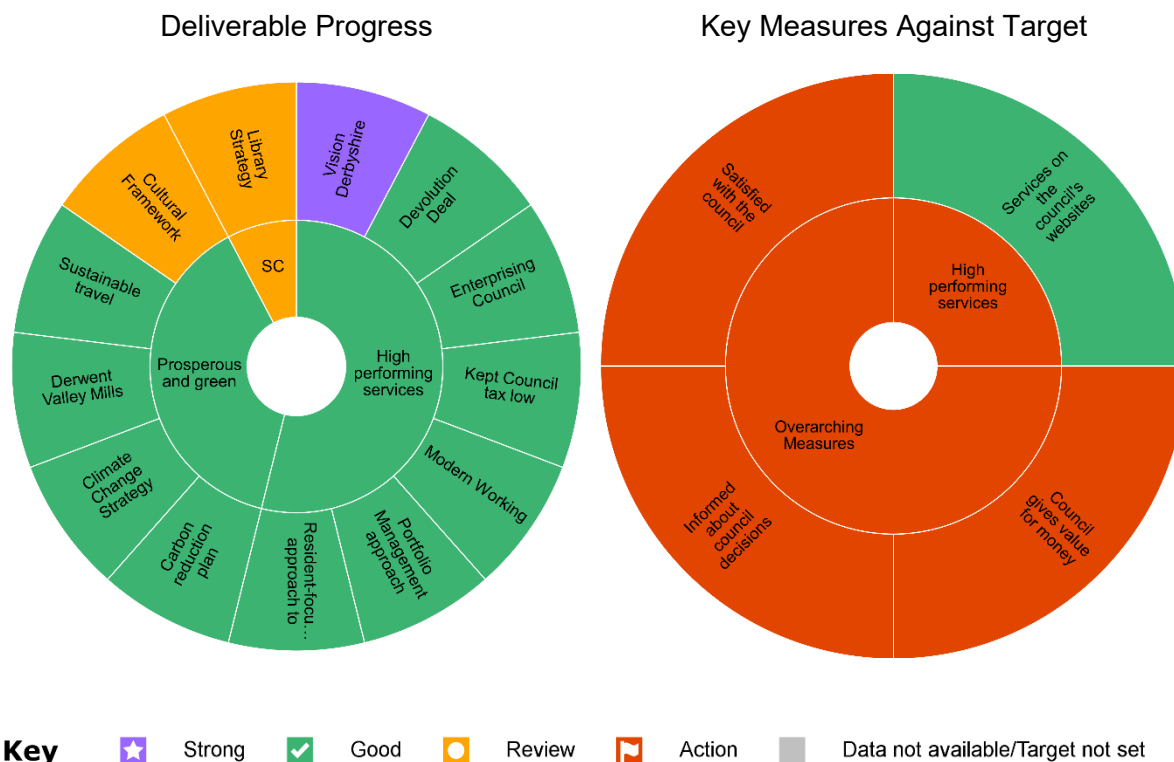


The budget savings target for 2023-24 is £0.700m, with a further £2.767m target brought forward from previous years. £0.100m of the in-year savings target will be achieved.

Additional funding has been provided in the 2023-24 budget for the main growth items:

- Elvaston Master Plan - £0.050m ongoing, £0.340m one-off - The Elvaston Masterplan requires targeted activity to develop and test the business case for the Masterplan. This will help ensure sustainable and commercially viable solutions are secured for the estate.
- Grounds Maintenance - £0.365m ongoing - The Countryside Service has developed a business plan which establishes the service's strategy and operational priorities over the medium term. Funding is required to enable a bespoke grounds maintenance schedule of work and appropriate allocation of resources across the Council's 123 countryside sites.
- Ash Die Back - £0.450m one-off - The Council is undertaking a step change in tree-planting across the county driven by its Climate Change Strategy, Nature Recovery Motion, and its anticipated role as responsible authority for the Derbyshire Local Nature Recovery Strategy. The target is to facilitate the planting of up to one million trees by 2030, and to ensure delivery of the Council's Ash Die Back Action Plan.
- Inflation on Waste Management - £3.583m one-off – For increases to contract prices associated with the disposal and treatment of waste.

Strategic Leadership, Culture, Tourism and Climate Change - Portfolio Summary



Progress is "good" or "strong" for the majority of the Council Plan deliverables led by the portfolio.

Key areas of success are:

- ☆ **Further develop the Vision Derbyshire governance arrangements and align the programme to the emerging East Midlands Combined County Authority to deliver agreed priorities and take forward opportunities for broader public sector reform (rated Strong)**

Vision Derbyshire has been successfully developed to create the Strategic Leadership Board. Derby City and all Derbyshire Councils have committed to progressing the board during Quarter 4.

- ✓ **Embed the new Portfolio Management approach and framework across the council to ensure that programmes and projects are coordinated and deliver improved outcomes and value for money (rated Good)**

A Portfolio Management maturity assessment has been undertaken to provide a first measure of the level of progress. The assessment showed that the council had moved from level 1 to level 2 in maturity, within just 12 months.

✔ **Continue to deliver the Climate Change Strategy and Action Plan which sets out priorities to reduce the county's greenhouse gas emissions (rated Good)**

The Council has a target to be a net zero organisation by 2032, or sooner. In 2022-23 there has been a 14% reduction since the previous year. Council emissions reductions are included in the annual review of progress, presented to Cabinet in January 2024. Annual reduction targets for emissions from grey fleet to 2032 have been developed and agreed and are being embedded within Departmental Service Plans.

✔ **Develop and deliver a strategic approach to sustainable travel and transport across the county, including the promotion of cycling and walking (rated Good)**

Significant progress has been made in developing and delivering sustainable travel and transport projects. The Active Travel bid Circa £7m of external funding has been secured to support sustainable travel projects. The joint work on the Local Transport Programme is progressing across Derby, Derbyshire, Nottingham, and Nottinghamshire (D2N2) areas in preparation for the combined authority; sustainable travel (mobility hubs etc) has been embedded in the proposals.

✔ **Work with partners towards the production of a Development Framework that provides a positive unified vision for the Derwent Valley Mills World Heritage Site (DVMWHS), that highlights development possibilities, and identifies the infrastructure that is needed to release the site's potential (rated Good)**

There has been a high level of support from local councils for the Derwent Valley Mills World Heritage Site Development Framework. This work is to be included into a collaboration with the emerging Combined Authority and a proposal is being drafted to present to the new Mayor for the Combined Authority once elections have taken place.

Key areas for consideration are:

🟡 **Refresh and implement our Library Strategy to ensure a modern, efficient and improved service (requires Review)**

Issue: Further to the relaunch of the former Library Strategy in September 2021 there has been no further response from community groups regarding Community Managed Libraries. Discussions will be held with Cabinet during Quarter 4 therefore this action is rated review until the outcome of the discussions is known. **Response:** The Library Strategy refresh will provide opportunities to ensure that the library estate remains fit for purpose.

🔴 Deliver the Derbyshire Cultural Framework to support the creative and cultural sectors to become more resilient, grow and capitalise on new opportunities (requires Review)

Issue: Delivery of Derbyshire Makes has been delayed whilst awaiting funding decisions. Wider delivery of the Cultural Framework will be restricted to accommodate the council's budget savings proposals. **Response:** The project delivery has been reprofiled for an April 2024 start, to accommodate delays incurred.

🔴 Residents' survey measures (requires Action)

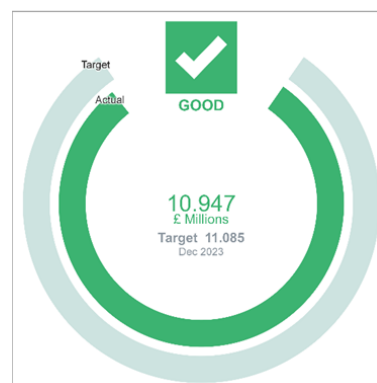
Issue: The results from the Your Council Your Voice survey of residents carried out during Quarter 3, regarding residents' satisfaction with the council, how informed they feel about council decisions, and the council's value for money, remain similar to those from previous surveys and are below target.

Action: The council will continue to focus on customer experience, understanding the residents' voice and work to improve residents' satisfaction. A full report on the survey results with analysis and recommendations will be presented to senior leaders during Quarter 4.

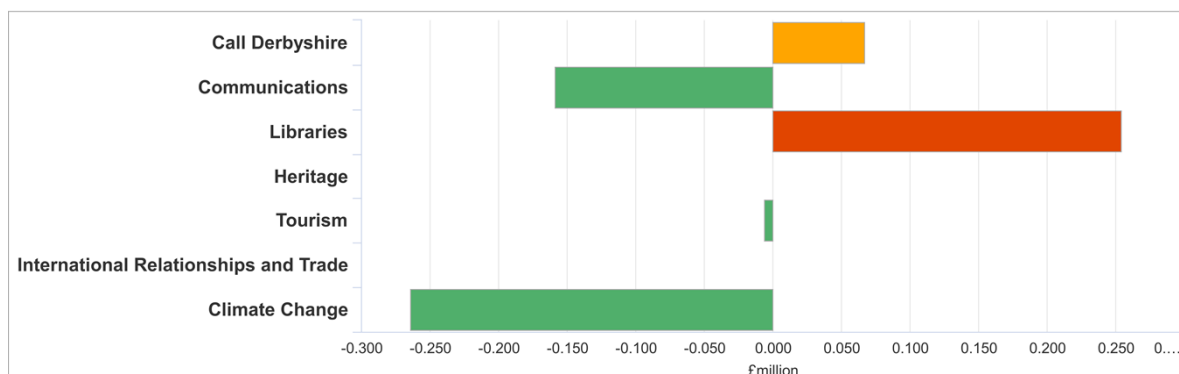
There is a forecast underspend of £0.138m on the portfolio. The main variances are:

- ✅ Communications, £0.159m underspend - Cessation of the Derbyshire Now magazine and vacancies, partly due to staff turnover.
- 🔴 Call Derbyshire, £0.067m overspend - The Granicus licence fee is unfunded. Vacancies partly offset this overspend.
- 🔴 Libraries, £0.254m overspend - Due to unachieved savings targets.
- ✅ Climate Change, £0.264m underspend - In-year cost savings initiatives and a vacancy.

Forecast Outturn against Target Budget



Forecast Under (-)/Over Spend by Service Line








There is a budget savings target of £0.521m brought forward from previous years.

Additional funding has been provided in the 2023-24 budget for the main growth items:

- Business Change - £0.180m one-off - Aligned to the creation of the new Transformation and Strategy Division, this funding will enable the training for employees in Prince2, MSP and MoP to equip them with the right skills to ensure the Council delivers projects efficiently and successfully.
- Vision Derbyshire - £0.087m ongoing - The funding is to support the ongoing implementation of the Vision Derbyshire approach in particular the funding of the programme team.




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	0.669	0.758	0.089		No
CSB	HR	Schools Advisory Service	0.456	0.489	0.033		No
CSB	HR	Work Experience	0.171	0.176	0.005		No
CSB	Corporate Property	Direct Service Organisation Operations	18.509	17.362	(1.147)		Yes
CSB	Finance & ICT	Finance School Support Team	0.344	0.387	0.043		No

Appendix 12







Public

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	School Catering	School Catering + FSM checking	28.958	28.007	(0.951)		No
CSSGE	SORE	Swimming	1.438	1.424	(0.014)		No
TOTAL			50.545	48.603	(1.942)		

*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	Projected Actual Income	Forecast Excess/ (Shortfall) compared to Target	Performance
			£m	£m	£m	
CSB	Legal and Democratic	Legal Services	0.559	0.506	(0.053)	
CSB	Finance & ICT	Exchequer	0.290	0.239	(0.051)	
CSB	Corporate Property	Disability Design Team (DFG agency fees)	0.087	0.107	0.020	
CSB	Corporate Property	Estates	0.155	0.202	0.047	
CSB	Corporate Property	Energy Management: Commissioning Fees	0.070	0.070	0.000	
CSB	Corporate Property	Energy Management: Display Energy Certificates	0.016	0.012	(0.004)	













Appendix 12

Public

Portfolio	Service Area	Trading Area	Budgeted Income Target £m	Projected Actual Income £m	Forecast Excess/ (Shortfall) compared to Target £m	Performance
CSB	Corporate Property	Energy Management: Fire & Rescue Svc Database Mgt	0.006	0.006	0.000	
CSB	Corporate Property	Asbestos Surveys	0.049	0.049	0.000	
CSB	Corporate Property	SMHP Repairs & Maintenance Contract Mgt Fee	0.000	0.000	0.000	
CSB	Corporate Property	Fire Risk Assessment Surveys	0.005	0.005	0.000	
CSB	Corporate Property	Asset Optimisation (Property Running Costs)	0.525	0.499	(0.026)	
CSB	Corporate Property	Industrial Development	1.528	1.811	0.283	
CSB	HR	Occupational Health Services	0.072	0.146	0.074	
CSB	HR	Learning & Development	0.203	0.163	(0.040)	












Appendix 12

Public

Portfolio	Service Area	Trading Area	Budgeted Income Target £m	Projected Actual Income £m	Forecast Excess/ (Shortfall) compared to Target £m	Performance
CSB	HR	H&S	0.082	0.116	0.034	
CSB	HR	Payroll Services	1.274	1.303	0.029	
CSSGE	Education & Improvement	Various	0.816	0.428	(0.388)	
CSSGE	SORE	Outdoor Education & Sport	2.068	1.909	(0.159)	
CSSGE	SEMH Services	Behavioural Support	0.319	0.348	0.029	
CSSGE	Adult Education	Adult Education	0.210	0.219	0.009	
CSSGE	Education Psychology	Education Psychology	0.597	0.948	0.351	
CSSGE	Music	Music	0.057	0.105	0.048	
CSSGE	Children Missing Education	Out of School Tuition	0.174	0.237	0.063	
CSSGE	SEMH Services	Positive Play	0.041	0.039	(0.002)	
CSSGE	Early Years	Early Years SEN	0.015	0.017	0.002	
CSSGE	Information & ICT	Various	1.313	1.215	(0.098)	

Appendix 12

Public

Portfolio	Service Area	Trading Area	Budgeted Income Target	Projected Actual Income	Forecast Excess/ (Shortfall) compared to Target	Performance
			£m	£m	£m	
HC	Public Health	Mental Health course delivery	0.000	0.000	0.000	
HC	Public Health	School Crossing Patrol SLA sites	0.012	0.012	0.000	
HC	Central Services to the Public	Registrars	1.524	1.750	0.226	
HAT	Highways Laboratory	Highways Laboratory	0.100	0.015	(0.085)	
HAT	Fleet Services	Fleet Services	1.300	2.050	0.750	
IE	Countryside	Shops	0.269	0.349	0.080	
IE	Countryside	Cycle Hire	0.019	0.025	0.006	
IE	Countryside	Car Parking	0.501	0.539	0.038	
SLCTCC	Organisational Development & Policy	Crisis Communications	0.043	0.055	0.012	
SLCTCC	Place	Derbyshire Environmental Studies Service	0.113	0.005	(0.108)	
TOTAL			14.412	15.499	1.087	

Earmarked Reserves**Earmarked Reserves as at
31 December 2023**

	Balance	Planned Release to General Reserve: 01.02.2024 Cabinet Report	Adjusted Balance
	£m	£m	£m
Adult Care			
Older People's Housing Strategy	8.907	(6.000)	2.907
Prior Year Underspends	0.217		0.217
Other reserves	0.028		0.028
Total Adult Care	9.152	(6.000)	3.152
Clean Growth and Regeneration			
Regeneration Kick-Start Feasibility Fund	1.919	(0.500)	1.419
Skills Training	0.855	(0.109)	0.746
Markham Environment Centre	0.114	(0.114)	0.000
Other reserves	0.000		0.000
Total Clean Growth and Regeneration	2.888	(0.723)	2.165
Corporate Services and Budget			
Revenue Contributions to Capital	51.433		51.433
Loan Modification Gains	23.114		23.114
Insurance and Risk Management	15.543		15.543
Business Rates Risks	6.568	(6.568)	0.000
Budget Management	4.516		4.516
Cyber Security	4.000		4.000
Planned Building Maintenance	3.183		3.183
Investment Losses Contingency	2.500		2.500
Prior Year Underspends	2.493	(2.243)	0.250
Property Insurance Maintenance Pool	2.397		2.397
Computer Purchasing	2.186	(1.605)	0.581
PFI Reserves	2.063		2.063
Business Development and Economic Recovery Fund	2.035	(2.035)	0.000
Demolition of Buildings	1.643	(0.626)	1.017

Other reserves	3.992	(0.857)	3.135
Total Corporate Services and Budget	127.666	(13.934)	113.732
Childrens Services and Safeguarding and Education			
Tackling Troubled Families	4.767	(4.000)	0.767
Prior Year Underspends	1.112		1.112
Education Levelling Up	0.551		0.551
Other reserves	0.566	(0.377)	0.189
Total Childrens Services and Safeguarding and Education	6.996	(4.377)	2.619
Health and Communities			
Homes for Ukraine Grant	10.415		10.415
Domestic Abuse Contract Support	1.358		1.358
Grant Funding Prospectus	1.009	(0.150)	0.859
Domestic Abuse Grants	0.801		0.801
Other reserves	1.144	(0.237)	0.907
Total Health and Communities	14.727	(0.387)	14.340
Highways and Transport			
Bus Services Improvement Plan Grant	6.357		6.357
Prior Year Underspends	3.579	(0.510)	3.069
Highway Development Control Interface	1.420		1.420
Derby and Derbyshire Road Safety Partnership	0.611		0.611
Other reserves	0.940	(0.252)	0.688
Total Highways and Transport	12.907	(0.762)	12.145
Infrastructure and Environment			
Digital Growth	2.396	(1.375)	1.021
Waste Recycling Initiatives	0.573		0.573
Elvaston Maintenance	0.158		0.158
Bidding and Funding Team	0.000		0.000
Other reserves	0.349		0.349
Total Infrastructure and Environment	3.476	(1.375)	2.101

Strategic Leadership, Culture, Tourism and Climate Change

Climate Change	4.155	(2.847)	1.308
Green Entrepreneurs	1.208		1.208
Community Managed Libraries	0.912	(0.500)	0.412
Cultural Recovery Fund	0.790	(0.500)	0.290
Vision Derbyshire Economic Development Pilot	0.297		0.297
Library Restructure	0.429	(0.160)	0.269
Policy and Research	0.331	(0.196)	0.135
Other reserves	0.753	(0.042)	0.711
Total Strategic Leadership, Culture, Tourism and Climate Change	8.875	(4.245)	4.630

Total Portfolio Earmarked Reserves	186.687	(31.803)	154.884
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Schools

Schools Balances	33.300		33.300
Dedicated Schools Grant (DSG)	0.275		0.275

Total balances held for and on behalf of schools	33.575	0.000	33.575
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Public Health Grant	7.751	0.000	7.751
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Budget Savings Monitoring 2023-24**In-Year Savings Monitoring:**

	Target 2023-24 £m	Deliverable in 2023-24		Total Deliverable in 2023-24 £m	Deferred to future years for delivery £m	Alternative Savings to be delivered £m
		Ongoing £m	One-Off £m			
Adult Care	12.139	0.900	2.679	3.579	2.679	8.560
Childrens Services	0.500	0.500	0.000	0.500	0.000	0.000
Clean Growth and Regeneration	0.000	0.000	0.000	0.000	0.000	0.000
Corporate Services and Budget	0.625	0.000	0.000	0.000	0.000	0.625
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	0.700	0.100	0.000	0.100	0.000	0.600
Strategic Leadership, Culture, Tourism and Climate Change	0.000	0.000	0.000	0.000	0.000	0.000
Other	1.726	1.172	0.000	1.172	0.000	0.554
Total	16.190	2.672	2.679	5.351	2.679	10.839

Aggregated In-Year and Previous-Years Savings Monitoring:

Portfolio	Budget Savings Targets			Ongoing Savings Initiatives			Actual Savings Forecast		
	Not yet achieved Brought Forward	Current Year	Total Target	Total Identified	(Shortfall)/ Additional Identified Savings	Forecast to be achieved by Financial Year End	Actual (Shortfall)/ Additional Achievement of Savings Target		
	Prior Year £m	Year £m	£m	£m	£m	£m	£m		
AC	3.009	12.139	15.148	15.241	0.093	4.256	(10.892)		
CSSGE	0.000	0.500	0.500	0.500	0.000	0.500	0.000		
CGR	0.000	0.000	0.000	0.385	0.385	0.230	0.230		
CSB	2.070	0.625	2.695	2.719	0.024	1.140	(1.555)		
HC	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
HAT	3.671	0.500	4.171	2.214	(1.957)	0.000	(4.171)		
IE	2.767	0.700	3.467	1.293	(2.174)	0.258	(3.209)		
SLCTCC	0.521	0.000	0.521	1.043	0.522	0.601	0.080		
Other	0.000	1.726	1.726	1.172	(0.554)	1.172	(0.554)		
Total	12.038	16.190	28.228	24.567	(3.661)	8.157	(20.071)		

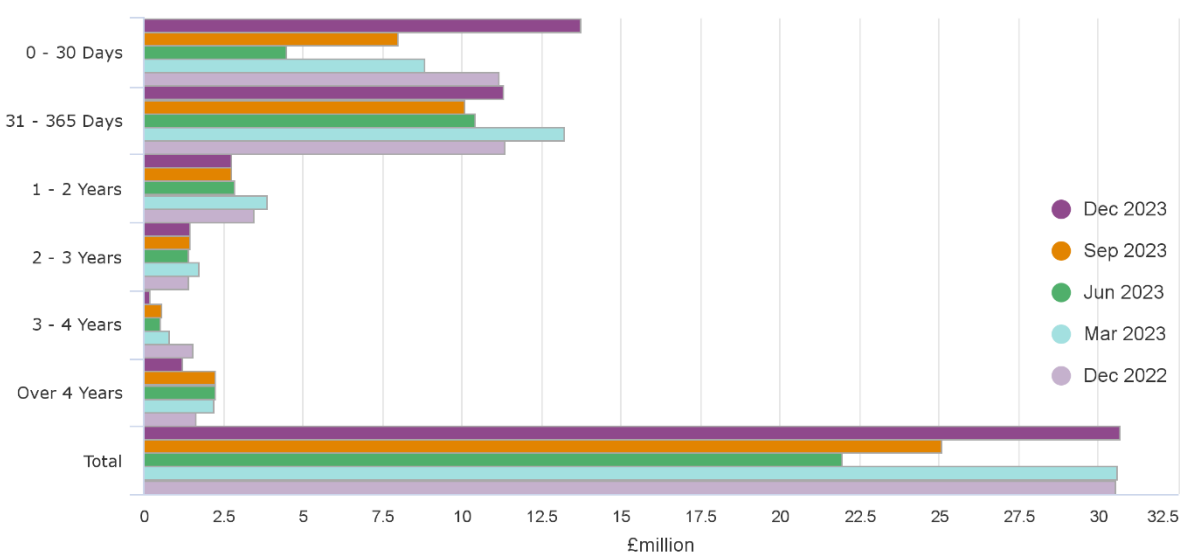
AC = Adult Care ; CSSGE = Childrens Services and Safeguarding and Education; CGR = Clean Growth and Regeneration ;
 CSB = Corporate Services and Budget ; HC = Health and Communities ; HAT = Highways Assets and Transport ;
 IE = Infrastructure and Environment ; SLCTCC = Strategic Leadership, Culture, Tourism and Climate Change ; Other = Other Cross Portfolio

Aged Debt

Age profile of debt, relating to income receivable, at 31 December 2023

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						
7.940	5.447	2.305	1.169	0.115	0.211	17.187
46.2%	31.7%	13.4%	6.8%	0.7%	1.2%	100.0%
Children's Services						
1.939	0.634	0.093	0.023	0.003	0.006	2.698
71.9%	23.5%	3.4%	0.9%	0.1%	0.2%	100.0%
Place						
1.971	1.969	0.234	0.154	0.043	0.885	5.256
37.5%	37.5%	4.5%	2.9%	0.8%	16.8%	100.0%
Corporate Services and Transformation						
1.897	3.262	0.145	0.104	0.041	0.096	5.545
34.2%	58.8%	2.6%	1.9%	0.7%	1.7%	100.0%
All Departments						
13.747	11.312	2.777	1.450	0.202	1.198	30.686
44.8%	36.9%	9.0%	4.7%	0.7%	3.9%	100.0%

Aged Debt over Time

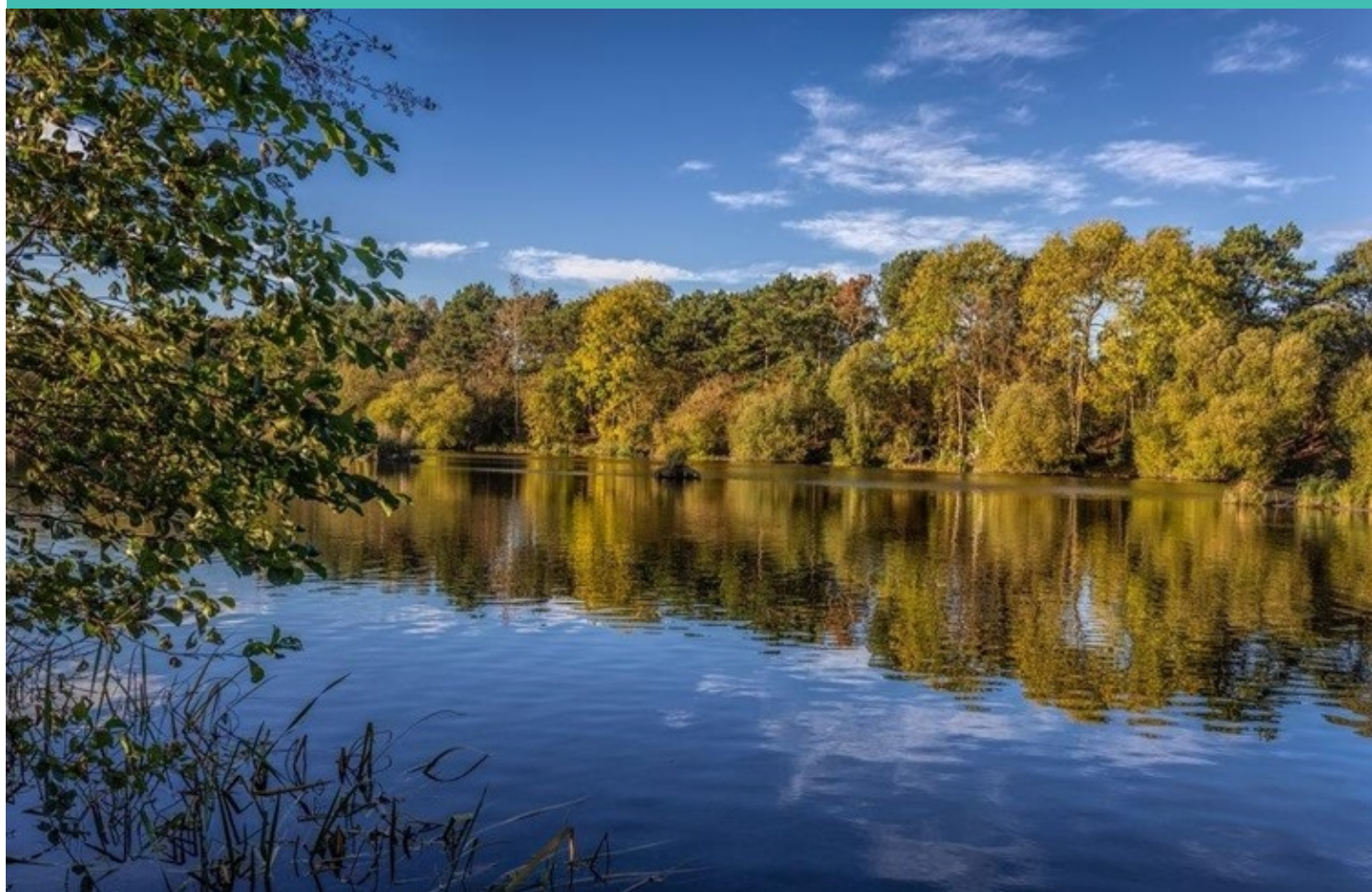


The value of debt written off in the 12 months up to 31 December 2023

Department	£m
Adult Social Care and Health	0.504
Children's Services	0.014
Place	0.105
Corporate Services and Transformation	0.014
All Departments	0.637

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Derbyshire County Council



Council Plan 2023-25

Performance Report
Quarter 3 2023-24

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Introduction





Welcome to the council's performance report on the Council Plan 2023-25, for Quarter 3 2023-24. 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 2023 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

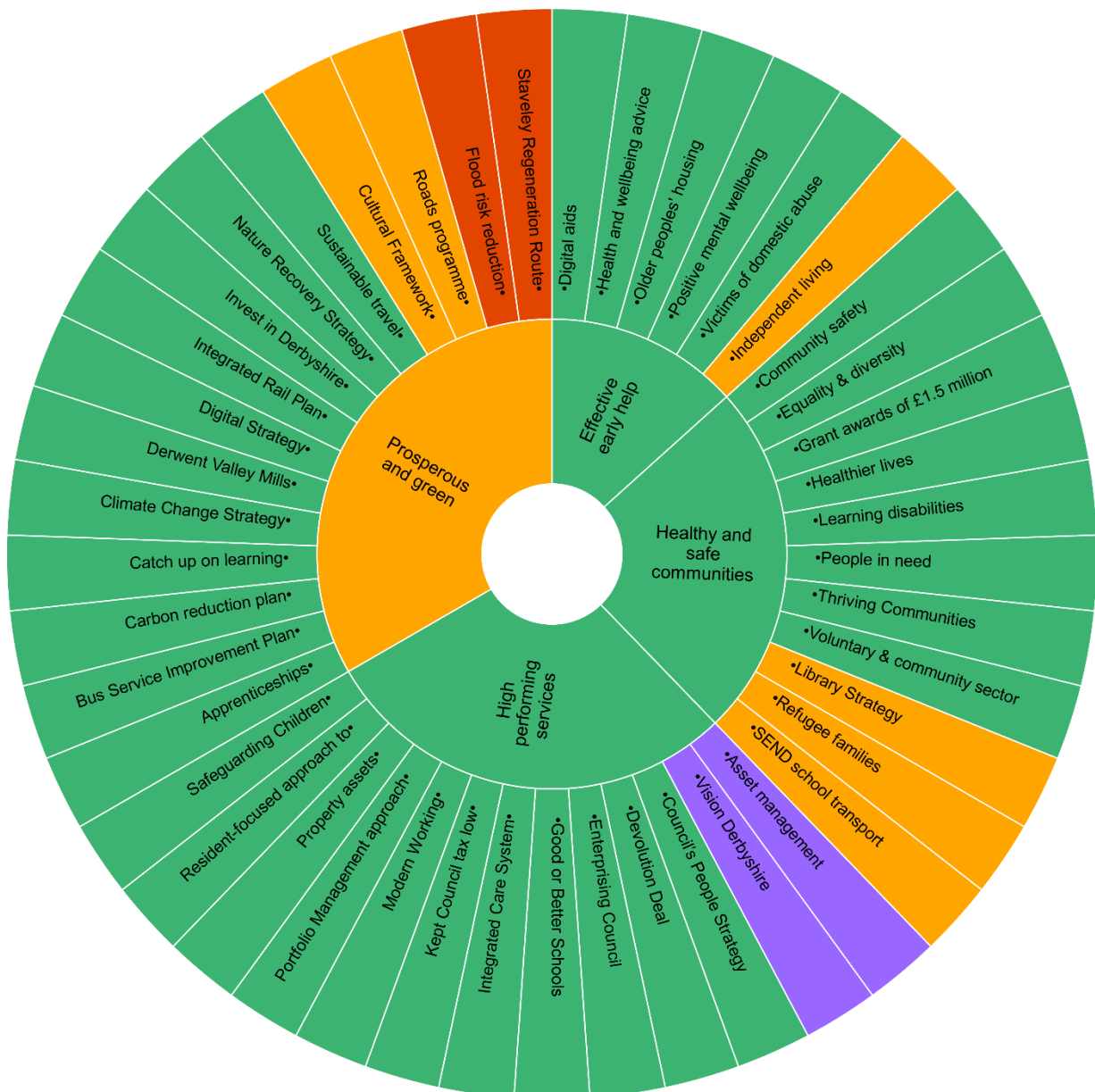
A graphical representation of the council's performance for Quarter 3 against its priorities (inner wheel) and deliverables (outer wheel) is set out below. The colours in each segment show the progress the council is making during 2023-24. The performance for each priority and deliverable is detailed within the report.

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

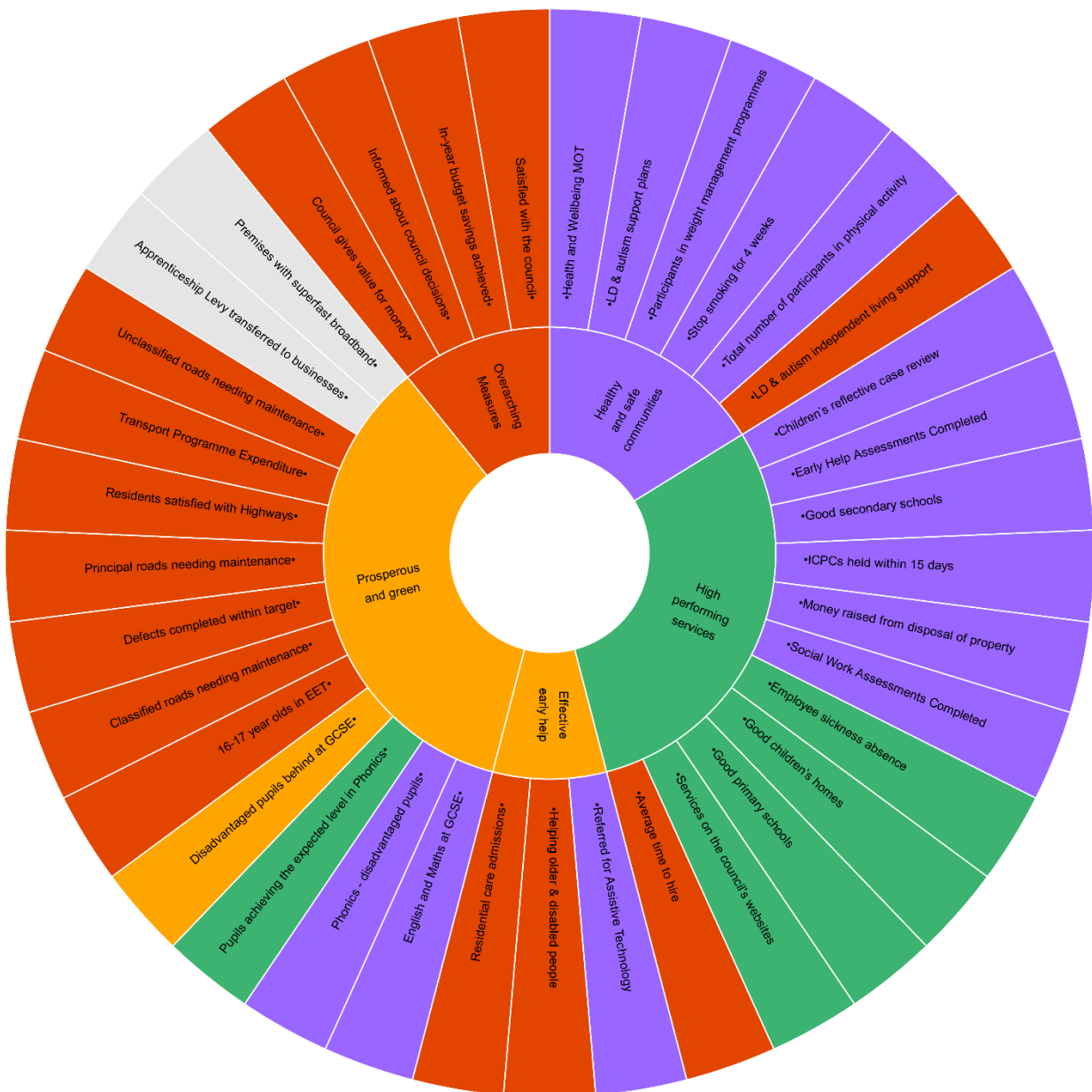
Deliverable Overview

The council is addressing significant in year budget pressures, and whilst this is having some impact, overall good progress continues to be made in delivering the Council Plan. Of the 45 deliverables in the Plan, 2 have been rated as 'Strong'; 35 have been rated as 'Good'; 6 have been rated as "Requiring Review" and 2 as "Requiring Action". Many areas of success are set out in the report below, however, in addition to budget pressures which are being experienced across the sector, other factors impacting progress in delivering the Council Plan are continued capacity challenges in areas such as adult social care and the adverse weather conditions experienced this winter which are impacting on road maintenance and flood mitigation work.



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 35 key measures with data and targets at this point in the year, 14 have been rated as 'Strong', with a further 5 rated as 'Good'. There is 1 measure which has been rated as 'Requiring Review' and 15 as 'Requiring Action'. Measures which are grey currently have no targets set for 2023-24. Measures where data is not yet available for 2023-24 are not displayed in the wheel. The key measures are detailed in the following tables.



Performance – Trend over Time

Deliverables

	Jun 2023	Sep 2023	Dec 2023	Mar 2024
Strong	2	2	2	
Good	33	33	35	
Review	10	9	6	
Action	0	1	2	

Measures

	Jun 2023	Sep 2023	Dec 2023	Mar 2024
Strong	12	10	14	
Good	6	9	5	
Review	0	1	1	
Action	5	9	15	

	Jun 2023	Sep 2023	Dec 2023	Mar 2024
Improving	N/A	3	4	
No Change	N/A	37	37	
Declining	N/A	4	2	
Completed	0	1	2	

	Jun 2023	Sep 2023	Dec 2023	Mar 2024
Improving	N/A	0	6	
No Change	N/A	19	24	
Declining	N/A	5	5	

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Resilient, healthy and safe communities overview

Key areas of success during Quarter 3 are:

- Work alongside people with a learning disability, those recovering from mental ill health and/ or who are autistic to develop council services to ensure they are tailored to meet individuals needs and help people achieve their personal goals (rated Good)**

This quarter we have seen an increase in the number of outcome focused support plans that have been put in place. This is partly due to the start of the Community Connector offering. This quarter we have identified 183 outcome focussed support plans against a target of 30. ([Go to 'Council services for people with learning disabilities' section](#))

✔ **Ensure the council’s strategic approach to community safety responds effectively to existing and emerging challenges such as Serious Violence and Violence Against Women and Girls (rated Good)**

Examples of Community Safety activity over the last three months include, the establishment of a mini Serious Violence Unit and completion of the Serious Violence Needs Assessment, the Commissioning and mobilisation of services directly supporting young people vulnerable to becoming involved in serious violence, national recognition for the council's work on preventing counter terrorism and tackling online harm and the publication of the council's Modern Slavery Statement. ([Go to 'Community safety' section](#))

✔ **Provide support to people and communities in need, including financial help from our Discretionary Fund and other activities that promote financial inclusion and tackle cost of living pressures (rated Good)**

The Household Support Fund has seen strong delivery across the Derbyshire Discretionary Fund (DDF); Children's Services Professionals route; and Grocery vouchers to eligible families. Support to foster carers has picked up this quarter and the vouchers for low income pensioners and disabled people have started. All actions are on track in line with the delivery plan. ([Go to 'Support to people and communities in need' section](#))

The following areas have been rated as “Requiring Review” or “Requiring Action” during Quarter 3:

🟡 **Refresh and implement our Library Strategy to ensure a modern, efficient and improved service (requires Review)**

Issue: Further to the relaunch of the former Library Strategy in September 2021 there has been no further response from community groups regarding Community Managed Libraries. Discussions will be held with Cabinet during Quarter 4 therefore this action is rated review until the outcome of the discussions is known. **Response:** The Library Strategy refresh will provide opportunities to ensure that the library estate remains fit for purpose. ([Go to 'Library Strategy' section](#))

🟡 **Review how the council delivers home to school transport for children with special educational needs ensuring the most effective use of resources (requires Review)**

Issue: This is a complex area with some significant risks particularly in terms of the required data and intelligence currently available to assess our statutory responsibilities and to support decisions to be able to deliver these in an efficient manner. **Response:** Work is now in place to start to implement and deliver the 18 month improvement plan. An independent lead for the implementation of the plan is in place and the improvement plan has been linked to both the Special Educational Need and Disabilities Executive Board and the Education Partnership. A decision-making team is now established and work is starting to move forward. ([Go to 'SEND school transport' section](#))

Work with partners to welcome refugee families into Derbyshire and developed a countywide response to the implementation of asylum dispersal (requires Review)

Issue: The provision of accommodation and support for those seeking asylum is becoming a significant issue, the funding available for central government support is being passported to Districts and Borough Councils. **Response:** The council is providing support to partners and engaging in multi-agency meetings. Moving forward, consideration needs to be given to the role the council can play in relation to the co-ordination of a countywide response to the roll out of asylum dispersal. ([Go to 'Refugee families' section](#))

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 (requires Action)

Issue: So far, 21 people have moved in 2023-24 which is below the aspirational target of 27 people. **Action:** We continue to work effectively with people to ensure their readiness to move into available, appropriate accommodation. ([Go to 'Council services for people with learning disabilities' section](#))

High performing, value for money and resident focused services overview

Key areas of success during Quarter 3 are:

Provide consistent, high quality early help and safeguarding services for children and families across Derbyshire (rated Good)

A range of evidence from our quality assurance and performance framework continues to show consistency of approach and strong practice across the children's social care and early help workforce. This is in the context of increasing demand and activity throughout the social care system. The publication of the final report from our recent full Ofsted inspection of children's services confirms a grading of good for all four of the graded judgements (impact of leaders, children who need help and protection, children in care and care leavers) and a grading of good for overall effectiveness. ([Go to 'Safeguarding Children' section](#))

Implement the Asset Management Strategy and Property 2025 programme, reviewing and rationalising our land and building assets and ensuring an effective plan is in place for the management of those we retain (rated Strong)

All strategies have been approved by Cabinet with the business case for County Hall being considered during January. The Asset Management strategy is intended to maximise the effectiveness of the council's property portfolio in providing services whilst delivering year on year savings in running costs. So far this year disposal of property has raised £4.658m in capital

receipts, above the end of year target of £4m. Disposals in 2023-24 alone have also resulted in removing a backlog of maintenance which would have cost £4.164m, energy savings of 22%, running costs of £211,000 per annum and reduction in debt charges of £249,000 per annum. Rationalisation of the estate to an affordable and manageable size also results in outcomes such as the creation of the new Chesterfield Hub, one modern and fit for purpose asset replacing 10 smaller assets which were beyond their serviceable life. ([Go to 'Asset Management Strategy' section](#))

★ Further develop the Vision Derbyshire governance arrangements and align the programme to the emerging East Midlands Combined County Authority to deliver agreed priorities and take forward opportunities for broader public sector reform (rated Strong)

Vision Derbyshire has been successfully developed to create the Strategic Leadership Board. Derby City and all Derbyshire Councils have committed to progressing the board during Quarter 4. ([Go to 'Vision Derbyshire Phase 4' section](#))

✔ Work in partnership with the NHS to implement the Integrated Care Strategy to benefit the health and wellbeing of the people of Derbyshire, tackle health inequalities and demonstrate a move towards more preventative interventions and investment (rated Good)

The public health team is supporting three development stages on tobacco control and smoking cessation for the Integrated Care System (ICS) Stay Well Key Area of Focus. The three development stages are services, communications and strategy. These development stages will support the ICS strategy to deliver population health impacts and outcomes. The development stages are also feeding into a newly forming Tobacco Control Strategic Board. ([Go to 'Integrated Care System' section](#))

✔ Work with schools so that the percentage of children and young people attending good or better schools improves at a faster rate than nationally (rated Good)

Derbyshire has seen a faster rate of improvement than that seen nationally for both primary and secondary pupils. The increase has been significant for secondary pupils with the highest proportion of Derbyshire pupils attending good or better secondary schools since recording of this indicator began. Proportions remain lower than comparators and the deliverable remains a priority for the 2023-24 academic year. ([Go to 'Pupils attending 'Good' or 'Outstanding' schools' section](#))

The following area has been rated as “Requiring Action” during Quarter 3:

🚩 Average days between a job vacancy shortlisting and contract offer (council, not including schools) (requires Action)

Issue: Quarter 3 has seen a slight increase in the year to date figure to 65.7 from the Quarter 2 figure of 64.1 days. The target is 50 days. **Action:** With the exception of Children's Services, departmental averages have reduced during Quarter 3. There continue to be delays in the Disclosure and Barring Service (DBS) check processing which is impacting on this measure. ([Go to 'Council's People Strategy' section](#))

Effective early help for individuals and communities overview

A key area of success during Quarter 3 is:

- ✔ **Work with partners to promote positive mental wellbeing and improve support for local people, with a particular focus on children and young people and suicide prevention (rated Good)**

During Quarter 3, the Let's Chat Derbyshire Podcast launched, with the first episode airing on 10 October 2023 with over 3,000 listeners. Since then, three more podcast episodes have been released, covering various themes and speaking with people about mental health, suicide prevention, and neurodiversity. ([Go to 'Positive mental wellbeing' section](#))

The following area has been rated as “Requiring Review” during Quarter 3:

- 🟡 **Finalise 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 (requires Review)**

Issue: Whilst there is an improving position, the lack of available home care continues to impact on the Adult Social Care offer for older people. **Response:** The Short Term Service (Reablement) has been redesigned to improve capacity and efficiency. This will increase the capacity available to older people requiring reablement intervention. Implementation will commence on 15 January 2024. ([Go to 'Supported people to live at home' section](#))

A prosperous and green Derbyshire overview

Key areas of success during Quarter 3 are:

- ✔ **Work 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 (rated Good)**

2022-23 data for the percentage of pupils reaching the required standard in Phonics suggest an improvement in our national rank position and a narrowing of the gap between disadvantaged and non-disadvantaged pupils. Provisional data for the proportion of pupils achieving a standard pass (grades 4-9) in English and Maths at GCSE (Key Stage 4) meets the target of maintaining an outcome significantly better than national figures. ([Go to 'Catch up on learning' section](#))

✔ **Develop the Local Nature Recovery Strategy for Derbyshire in accordance with the Environment Act 2021, for the coordinated benefit of Derbyshire's natural environment (rated Good)**

Good progress is being made towards the Local Nature Reserve Strategy (LNRS) for Derbyshire. Constructive discussions with Derbyshire's District and Borough Councils have taken place this quarter and there has been successful recruitment to the post for LNRS Officer. A Cabinet report regarding partnership governance arrangements has been submitted, and the LNRS conference will be attended on the 29 January 2024. ([Go to 'Nature Recovery Strategy' section](#))

✔ **Deliver a £47 million Bus Service Improvement Plan in partnership with Derbyshire bus operators and establish a 3-year programme to develop and improve bus frequency, connectivity, usage and affordability (rated Good)**

Good progress has been made this quarter to aid bus operations across the highways network to improve passenger journeys. b_line card holders have received benefits from a £1.50 flat fare for travel within Derbyshire. Improvements to numerous bus services across the county increasing the frequency and extension of routes is now in place. ([Go to 'Bus Service Improvement Plan' section](#))

✔ **Continue to work with Derbyshire businesses to support the creation of apprenticeship opportunities in key economic sectors, connecting people to local job opportunities (rated Good)**

During Quarter 3 nine apprenticeships within seven Small and Medium Enterprises have been formally supported by the council's Apprenticeship Levy, and at the end of Quarter 3 a total of £289,637 of the council's Apprenticeship Levy has been transferred to businesses. ([Go to 'Apprenticeships in key economic sectors' section](#))

The following areas have been rated as “Requiring Review” or “Requiring Action” during Quarter 3:

🟡 **Complete the delivery of a £120 million 3-year Local Transport Programme (LTP) to provide well managed roads and highways and address road safety concerns (requires Review)**

Issue: We are in the third and final year of delivering the council's £120m three-year Highways Capital Programme. Delivery is going well with large elements of our resurfacing programme and other major projects having been delivered on the ground. Due to the series of adverse and unpredictable weather conditions experienced recently, the volume of new defects reported continues to rise and the demand outweighs the resources available. The switch to the new asset management system Alloy has impacted on the reporting as the system is being introduced. The Annual Engineers Inspection (AEI) undertaken between April and June is used to support the preparation of the following year's delivery programme. The survey splits the roads into categories of Principal (major A roads), Classified roads (Smaller roads known as B and C), and unclassified roads (lesser used roads). The results show that there are 27.8% of Principal roads, 37.0% of classified roads and 36.5% of Unclassified roads needing maintenance, which is indicative of a network that requires additional capital investment in the highway asset,

and is well documented at a national level for a number of years. The annual National Highways and Transport public satisfaction survey reports that 49% of residents are satisfied with local Highways and Transportation services, which is a decrease from last year's figure of 51%. **Response:** The announcement from Network North has provided an indication of additional long-term highways funding between 2023 to 2034. To date £3m has been received this financial year and we are to receive a further £3m in 2024-25 however, the allocations for the remaining indicative funding has yet to be published. In terms of reporting, the design of reporting mechanisms is underway and will be developed alongside the Priority Pothole Response that has been initiated to focus activity and response following the series of adverse weather events experienced over Quarter 3 and continuing into the New Year. The additional pothole grant of £7.2m received from the Department for Transport during this financial year, will be used to help to mitigate the impacts of the increased demand with the intent of providing permanent repairs at identified locations. ([Go to 'Roads programme' section](#))

Reduce 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 support and develop flood resilience measures (requires Action)

Issue: Storm Babet in October 2023 has significantly impacted upon the teams deliverables from previous quarters. Over 1,400 properties have experienced internal flooding, and along with hundreds of additional enquiries generated, the team's business as usual activities have had to be suspended until at least the end of Quarter 4. **Action:** Looking ahead into 2024 and beyond, it is clear that there will be a significant expectation from residents and business affected by the recent flood event, to provide future flood mitigation, and although the team will work hard in trying to deliver this, the reality is, that the current teams capacity had already reached a limit, in terms of what it can actually deliver, and Storm Babet has exacerbated this issue. ([Go to 'Reduced the level of flood risk' section](#))

Submit the planning application and continue to progress proposals for the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area (requires Action)

Issue: Action on the project rests with Government, to confirm or reject the business case. **Action:** Repeated action has been taken at officer and political levels to push for resolution. ([Go to 'Chesterfield to Staveley Regeneration Route' section](#))

Deliver the Derbyshire Cultural Framework to support the creative and cultural sectors to become more resilient, grow and capitalise on new opportunities (requires Review)

Issue: Delivery of Derbyshire Makes has been delayed whilst awaiting funding decisions. Wider delivery of the Cultural Framework will be restricted to accommodate the council's budget savings proposals. **Response:** The project delivery has been reprofiled for an April 2024 start, to accommodate delays incurred. ([Go to 'Derbyshire Cultural Framework' section](#))

Percentage of 16 to 17 year olds in education, employment or training (3 month avg) (requires Action)

Issue: The percentage of 16 to 17 year olds in education, employment or training for the 3 months of September, October and November 2023 is 72.2%. Performance is below the national figure (78.5%) and the outcome for East Midlands (83.6%) with current performance placing Derbyshire in the lower-middle quartile. The target this year is to maintain performance within the top quartile nationally. **Action:** 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 (September). This is a significant task for larger local authorities like Derbyshire as the definitive position for every 16-17 year old in the county needs to be established. Hence performance at this time of the year is usually below comparators. Performance is in-line with the same time last year when top quartile performance was achieved by the time the annual snapshot was taken (3 month average between December and February). The latest available figure for the 3 months of November, December and January is 93.4%. This is above the national figure of 91.0% and the outcome for East Midlands (92.5%) and is currently within the top quartile nationally. ([Go to 'Catch up on learning' section](#))

Overarching Measures overview

The following areas have been rated as “Requiring Action” during Quarter 3:

Projected achievement of in-year budget savings (requires Action)

















Issue: Of the in-year savings target of £16.190m, £8.937m is forecast to be achieved. **Action:** The council continues to review planned savings initiatives and explore, and implement, opportunities for further or alternative in-year efficiency measures to offset the ongoing budgetary pressures. ([Go to 'Budget Savings' section](#))













Residents' survey measures (requires Action)

Issue: The results from the Your Council Your Voice survey of residents carried out during Quarter 3, regarding residents' satisfaction with the council, how informed they feel about council decisions, and the council's value for money, remain similar to those from previous surveys and are below target. **Action:** The council will continue to focus on customer experience, understanding the residents' voice and work to improve residents' satisfaction. A full report on the survey results with analysis and recommendations will be presented to senior leaders during Quarter 4. ([Go to 'Residents' survey measures' section](#))

Key Measures Updated for Quarter 3 2023-24





The following measures have been updated during Quarter 3:

Key Measure	Date	Actual	Target	Performance
Number of people with a learning disability and/or who are autistic with an outcome focused support plan	Dec-2023	945	580	 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-2023	21	27	 Action (Good in Q2)
Total number of participants in weight management programmes	Dec-2023	2,156	1,275	 Strong
Total number of participants in physical activity	Dec-2023	1,573	975	 Strong
Number of individuals completing a Health and Wellbeing MOT	Dec-2023	7,535	5,625	 Strong
Employee sickness absence (council, not including schools)	Dec-2023	5.0%	5.1%	 Good (Strong in Q2)
Average days between a job vacancy shortlisting and contract offer (council, not including schools)	Dec-2023	65.7	50.0	 Action
Proportion of practice areas with reflective case reviews judged to be good or better	Dec-2023	78.1%	70.0%	 Strong
Early help assessments completed within 45 days	Dec-2023	95.0%	90.0%	 Strong (Good in Q2)
Social work assessments completed within 45 days	Dec-2023	89.9%	82.1%	 Strong (Good in Q2)
Initial child protection conferences within 15 days	Dec-2023	85.7%	81.4%	 Strong (Good in Q2)
Percentage of council run children's homes rated as 'Good' or 'Outstanding' by Ofsted	Dec-2023	91%	91%	 Good
Number of services accessed via e-forms on the council websites	Dec-2023	153	154	 Good
Amount of money raised from the disposal of land and buildings	Dec-2023	£4,658,928	£3,200,000	 Strong
Rate of improvement in the proportion of pupils in 'Good' or better primary schools	Dec-2023	2.3	1.3	 Good (Review in Q2)
Rate of improvement in the proportion of pupils in 'Good' or better secondary schools	Dec-2023	13.6	1.3	 Strong (Good in Q2)

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-2023	2,355	2,691	 Action
Number of permanent admissions to residential and nursing homes	Dec-2023	827	699	 Action
Number of people with social care needs referred for Assistive Technology	Dec-2023	837	450	 Strong
Total amount of expenditure on the delivery of the Local Transport Programme	Dec-2023	£28.900m	£33.000m	 Action
Percentage of Principal roads where maintenance should be considered	Dec-2023 (Annual Measure)	27.8%	13.0%	 Action
Percentage of Non-principal classified roads where maintenance should be considered	Dec-2023 (Annual Measure)	37.0%	23.0%	 Action (Good in Q2)
Percentage of Unclassified road network where maintenance should be considered	Dec-2023 (Annual Measure)	36.5%	31.0%	 Action (Good in Q2)
Percentage of residents satisfied overall with Highways and Transportation services	Dec-2023 (Annual Measure)	49.0%	60.0%	 Action
Percentage of 16 to 17 year olds in education, employment or training (3 month avg)	Nov-2023	72.2%	88.5%	 Action (Good in Q2)
Percentage of premises across the county that have access to Superfast broadband (>30Mbps)	Dec-2023	97.7%	Not set	 No Target
Amount of Apprenticeship Levy transferred to businesses	Dec-2023	£289,637	Not set	 No Target
Projected achievement of in-year budget savings	Dec-2023	£8.937m	£16.190m	 Action

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 in council delivered stop smoking programmes who stop smoking	Sep-2023	884	600	 Strong
Percentage of pupils achieving the expected level in Phonics	Aug-2023 (Annual Measure)	78.5%	79.0%	 Good
Percentage of pupils achieving a standard pass or higher (grades 4-9) in English and Maths at GCSE	Aug-2023 (Annual Measure)	64.2%	60.5%	 Strong
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-2023 (Annual Measure)	32.6	31.6	 Review (Action in Q2)

Key Measures with no new data

The following measures have not been updated during Quarter 3:

Key Measure	Date	Actual	Target	Performance
Percentage reduction in CO2e from 2009-10 baseline		Data due in Sept. 2024	70.8%	No data for 2023-24
Percentage of defects completed within target timescales	Sep-2023	54.4%	90.0%	 Action
Percentage point gap between disadvantaged pupils in Derbyshire and non-disadvantaged pupils achieving the expected standard in Phonics	Aug-2023 (Annual Measure)	16.7	18.7	 Strong
Percentage of residents who are satisfied with Derbyshire County Council	Jun-2023	43.2%	58.0%	 Action
Percentage of residents agreeing that they feel informed about council decisions	Jun-2023	37.2%	52.0%	 Action
Percentage of residents agreeing that the council provides value for money	Jun-2023	30.2%	43.0%	 Action

Progress on Council Plan priorities

Resilient, healthy and safe communities

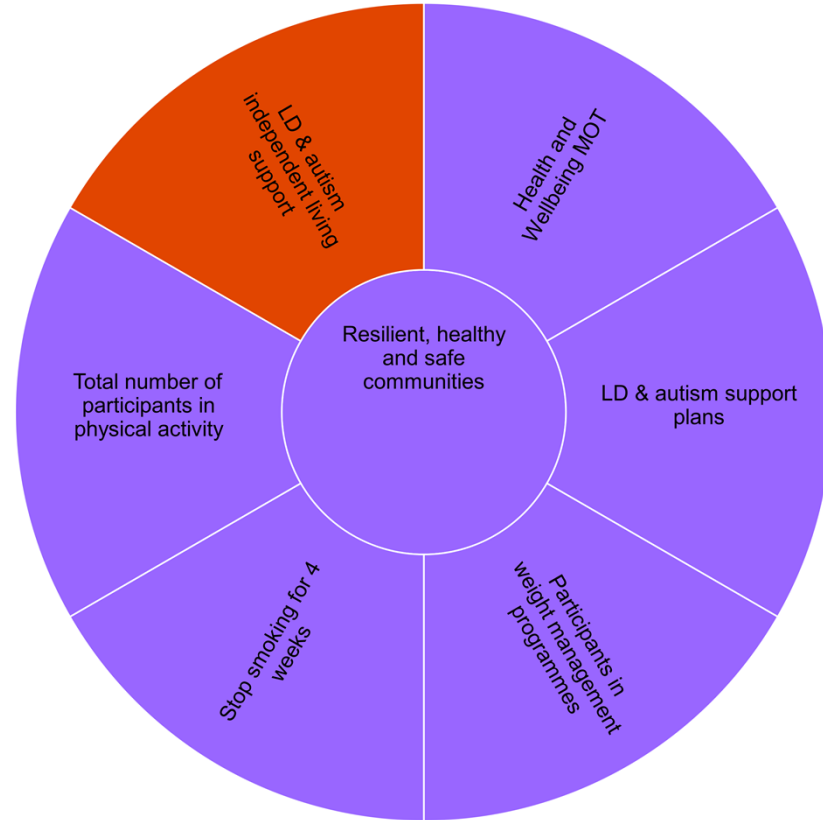
Overview

This priority shows overall “Good” progress for Council Plan deliverables, with eight deliverables rated as “Good” and three 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 6 rated measures. These are shown graphically in the right hand wheel below and listed in the following table.

Deliverable Progress









Key Measures



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Key Measure Summary

Key Measure	Date	Actual	Target	Performance
Number of people with a learning disability and/or who are autistic with an outcome focused support plan	Dec-2023	945	580	 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-2023	21	27	 Action (Good in Q2)
Number of participants in council delivered stop smoking programmes who stop smoking	Sep-2023	884	600	 Strong
Total number of participants in weight management programmes	Dec-2023	2,156	1,275	 Strong
Total number of participants in physical activity	Dec-2023	1,573	975	 Strong
Number of individuals completing a Health and Wellbeing MOT	Dec-2023	7,535	5,625	 Strong

Progress on our deliverables and key measures

Implement key actions to reduce discrimination and tackle inequalities as set out in the council's Equality, Diversity and Inclusion Strategy 2022-25

Rating: Good

Expected completion date: 31 Mar 2024

The review of the Equality, Diversity and Inclusion (EDI) strategic approach continued, taking feedback from a number of groups resulting in a set of draft EDI objectives. These were shared to gain feedback from the EDI board and a wider group of colleagues will be consulted on 10 January 2024.

As a result of the Motion to become a Diverse Council, a cross-party working group was established and during three meetings considered the current activity being undertaken. The group identified where more could be done and agreed a set of recommendations. Many of these actions are for political groups to take forward and others can be promoted and supported by the council, some of which are already in place or underway. The recommendations will be taken to Cabinet and if agreed will be incorporated within the refreshed strategic EDI approach.

The following EDI events took place during Quarter 3:

- Let's Chat Men's Mental Health;
- South Asian Heritage Webinar;
- Disability Employment services Jobs Fair;
- Black History Month - Speakers reflecting national theme of 'Saluting our Sisters' plus exhibition - 'Bearing Witness';
- Understanding Allyship Webinar;
- International Day of People with Disabilities;
- Creating LGBT+ Inclusive Spaces Webinar.

Refresh and implement our Library Strategy to ensure a modern, efficient and improved service

Rating: Review

Expected completion date: 31 Mar 2026

This action has been rated as review as no further interest in Community Managed Libraries (CML) 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.

Work on implementing the refreshed Library Strategy is progressing well - particularly in relation to opportunities for co-location and relocation which will help ensure the library estate remains fit for purpose.

The library service has two CMLs Woodville and Tideswell. Further to the relaunch of the original Library Strategy in 2021, and the subsequent limited response from community groups, it's likely no further transfers will occur in the near future. Therefore, the implementation focus of the Library Strategy is shifting from CML (although proposals will still continue to be considered as and when they come forward) to sustaining the service through co-location/ relocation (via programmes such as town deals), digitisation/ self service, and a root and branch review of the mobile and home library service. A discussion with Cabinet members on progress to date is planned for Quarter 4 2023. Discussions will include proposals on the optimum approach for addressing issues for the mobile library service. ([Return to 'Library Strategy' summary](#))

Review 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

Following the identification of a number of issues within the home to school transport process for children with special educational needs (SEND), a review was initiated and an 18-month improvement plan was developed. Work is now embedded to start to implement and deliver this plan. An independent lead for the implementation of the plan is in place and we have linked this improvement plan to both the SEND Executive Board and the Education Partnership.

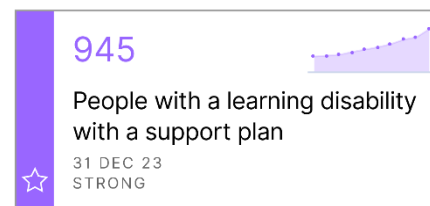
Decision making via general school admissions and social care has started to be reviewed and will continue through to February 2024. A review of commissioning and brokerage will also commence in January 2024. A number of risks remain in this area of work. These relate to the tracking and capture of finance data, finalisation and agreement of workflows for all teams and clarity on budget and savings proposal which is not likely until June 2024. The review will also identify the possible transitions of Specialised Transport to children's services to sit alongside SEND and create an efficient decision making and operational process with the specialist support of commissioning to manage the budget more effectively. ([Return to 'SEND school transport' summary](#))

✔ Work alongside people with a learning disability, those recovering from mental ill health and/ or who are autistic to develop council services to ensure they are tailored to meet individuals needs and help people achieve their personal goals

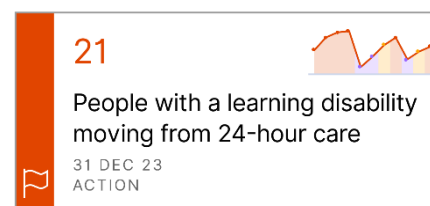
Rating: Good

Expected completion date: 31 Mar 2025

We have continued to work alongside people with a learning disability and/or who are autistic. The implementation of our redesigned day opportunities offer is underway and on track. In Quarter 3 outcome focused support plans were put in place for 183 people against a quarterly target of 30, due to the start of our Community Connector offering. In total 945 people have been provided with an outcome focused support plan since April 2021 against the overall target of 580. During Quarter 3 we have successfully supported an additional 4 people with a learning disability and/or who are autistic to find suitable accommodation against a target of 9. This year we have supported a total of 21 people with a learning disability and/or who are autistic to find suitable accommodation. We continue to work effectively with people to ensure their readiness to move into available, appropriate accommodation. ([Return to 'Council services for people with learning disabilities' summary](#))



2021-2022	373
2022-2023	611
2023-2024	945
Target	580
Performance	★ Strong



2021-2022	33
2022-2023	28
2023-2024	21
Target	27
Performance	🚩 Action (Good in Q2)

2023-24 data and targets are for the year to Dec-2023

✔ Ensure the council's strategic approach to community safety responds effectively to existing and emerging challenges such as Serious Violence and Violence Against Women and Girls

Rating: Good

Expected completion date: 31 Mar 2024

The council has worked with partners to ensure there is a comprehensive approach in place to respond to existing and emerging challenges. Governance is in place via the Derbyshire Safer Communities Board and the eight thematic Boards which report into it. The council are represented on all thematic boards cross departmentally and Senior Council Officers Chair the Serious Violence, Violence Against Women and Girls and Domestic and Sexual Abuse Boards. Examples of activity over the last three months include, the establishment of a mini Serious Violence Unit and completion of the Serious Violence Needs Assessment, the Commissioning and mobilisation of services directly supporting young people vulnerable to becoming involved in serious violence, national recognition for the council's work on preventing counter terrorism and tackling online harm and the publication of the council's [Modern Slavery Statement](#). ([Return to 'Community safety' summary](#))

Work with partners to welcome refugee families into Derbyshire and developed a countywide response to the implementation of asylum dispersal

Rating: Review

Expected completion date: 31 Mar 2024

There has been a continuation of resettlement support under a number of schemes, including the UK Resettlement, Afghan Resettlement and the Homes for Ukraine. Through these schemes we have welcomed over 1,500 refugees to Derbyshire. Whilst these each have different delivery models, a range of support is being provided to enable people to make Derbyshire their home. This includes support in relation to English language, employment, education and housing.

The provision of accommodation and support for those seeking asylum is becoming a significant issue. There is a small amount of national funding being made available to Local Authorities for asylum dispersal, but this is not ringfenced and is going directly to District and Borough Councils. A new burdens assessment was expected to be completed by early 2023-24, but this has been delayed. Whilst there is no funding available to upper tier authorities, the council is providing support to partners and engaging in multi-agency meetings. Moving forward consideration needs to be given to the role the council can play in relation to the co-ordination of a countywide response to the roll out of asylum dispersal. ([Return to 'Refugee families' summary](#))

Develop the council's Thriving Communities Strategy to support the embedding of the refreshed approach across the council

Rating: Good

Expected completion date: 31 Mar 2024

During Quarter 3, the council has been considering the implications of budgetary pressures on the organisation and aligning the future strategic approach for Thriving Communities with the refreshed Council Plan and Strategic Objectives. As this work is in development, the council has continued to work alongside local people in Cotmanhay, Gamesley, Shirebrook, Langley Mill and Ashbourne in order to gather insight, build relationships and understand the opportunities and challenges for the council's current and future role in communities.

Provide support to people and communities in need, including financial help from our Discretionary Fund and other activities that promote financial inclusion and tackle cost of living pressures

Rating: Good

Expected completion date: 31 Mar 2024

Throughout Quarter 3 the council has continued to provide support to people and communities in need, including financial wellbeing via the Derbyshire Discretionary Fund (DDF). Demand for Emergency Cash Payments has dropped in this quarter with 5,308 Emergency Cash Payment awards, compared to the previous quarter but remains substantially above baseline due to the increased cost of living and distribution of Household Support Fund monies. Processing times for Exceptional Pressure Grants are within target times.

No payments have been made from the Flooding Hardship Fund via DDF; instead this has been distributed by District and Borough Councils.

The Welfare Rights Service lower figures in December follows the usual seasonal trend for client contact, new claims, and appeals. During Quarter 3 the Welfare Rights Service has supported 5,834 people regarding benefit maximisation and supported 2,191 benefit claims and appeals. There is a

decrease from Quarter 2 figures, but not as sharp as from the very high figures of Quarter 1. Appeal statistics are in line with His Majesty's Courts and Tribunal Service national statistics. No significant shift for concern or to highlight outside of the expected.

The Household Support Fund has seen strong delivery across DDF; Children's Services Professionals route; and Grocery vouchers to eligible families. Support to foster cares has picked up this quarter and the vouchers for low income pensioners and disabled people have started. All on track in line with delivery plan.

Demand for the Public Health Advisory Service remains high in both GP surgeries and community settings. A high number of clients are in negative budget each month and are unable to meet the basic costs of living (fuel, council tax and rent). It is proving challenging for staff to find solutions or options to the complex multilayer problems that individuals are presenting with. Additionally, current clients are taking longer to progress through the service. In the future this may impact on availability for new customers. Energy enquiries have risen as we enter winter months. ([Return to 'Support to people and communities in need' summary](#))



Deliver £1.5 million of grant awards to promote positive behaviours for young people and residents, improve local networks, help people to feel safer, and encourage sustainable and green activity

Rating: Good (Strong in Q2) Expected completion date: 31 Mar 2024


Between 1 February 2022 and 29 September 2023, the programme had received and assessed 573 grant applications totalling £7,246m.

Of the 573 applications received, 270 grants have been approved totalling £1,391,305. Of these:

- 85 grants met criteria relating to feeling safe and included in their local community, to the value of £748,804;
- 65 grants met criteria relating to promoting positive behaviours amongst young people, to the value of £511,381;
- 26 grants met criteria relating to being green and sustainable, to the value of £361,779;
- 70 grants met criteria relating to increasing civic participation and delivering community identified priorities, to the value of £442,106;
- 81 grants met the criteria relating to being physically active and making positive lifestyle choices, to the value of £540,445;
- 76 grants met criteria relating to more than one outcome and are included twice in the above numbers.

The total benefit of grants made across all outcomes was £2,604,515 clearly demonstrating the added value of a outcomes based, corporate approach.

Applications to the Derbyshire Grants Programme have now been paused in-line with the council's cost control measures introduced in September 2023. Agreement to pause the programme has had no consequence on Voluntary and Community Sector organisations who have already been awarded or allocated funding. Work continues as usual to monitor and evaluate spend on the programme as a whole to ensure recipients have met grant conditions and financial regulations.

 **Further develop the council's approach to supporting the voluntary and community sector to ensure it can grow and thrive**

Rating: Good

Expected completion date: 31 Mar 2024

Through the council's new funding framework, the council has approved 250 grants totalling over £1.3m to the sector since January 2022. Annual payments to Voluntary and Community Sector (VCS) organisations have also been agreed over the 2023-24 period totalling over £480,000.

The council has continued to work closely with the VCS infrastructure support organisations and the Integrated Care Board (ICB) and has maintained its grant funding commitment to all providers until March 2024. The current combined investment between the council and ICB is significant and currently totals just over £1m across 14 organisations. The council's Strategy team continues to work alongside the ICB and with providers to work through options to support the future allocation of infrastructure provision towards previously agreed objectives.

Derbyshire Grants Board has recently met to discuss the potential implication of cost controls on current and prospective funding, recognising that the council needs a co-ordinated and fully informed approach to implementing any measures. Work is taking place to undertake analysis and options for funding allocations over the 2024-25 period and progress decisions on those options by the end of the financial year.

✔ Work with partners to enable people to lead healthier lives by supporting people to take part in physical activity, to stop smoking and manage their weight

Rating: Good

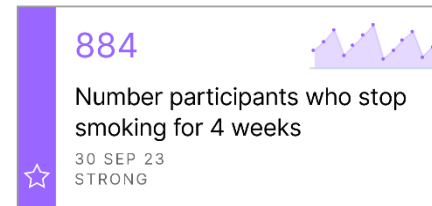
Expected completion date: 31 Mar 2024

Live Life Better Derbyshire (LLBD) continues to perform well and whilst there has been a reduction in the number of health and wellbeing MOTs completed and people participating in our stop smoking and physical activity services compared to Quarter 2, nevertheless LLBD is on track to meet or exceed its yearly targets and overall performance remains good.

Over 2,100 people completed a Health and Wellbeing MOT during Quarter 3 to identify how they can improve their health giving a year to date figure of 7,535. During Quarter 3, the Stop Smoking programme had 812 participants giving a year to date figure of 2,686, which is above target. Because the service provides a 12-week programme, the number of people achieving a 4 week quit is reported a quarter behind, with 437 people achieving a 4 week quit in Quarter 2 giving a year to date figure of 884. The programme is doing well and is on course to meet its annual target of 1,200 quits. The physical activity sessions had 397 participants in Quarter 3 against a target of 325 giving a year to date figure of 1,573. The weight management programme had 650 participants in Quarter 3 against a target of 425 giving a year to date figure of 2,156.

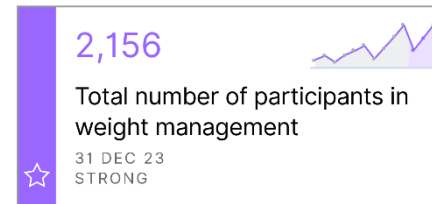
The physical activity partnership approach is ready to commence on the 1 April 2024. An update paper will be presented to Cabinet on 11 January 2024 to outline the progress made. All partners have been involved in the development of the partnership approach and new funding proposals and ways of working have been agreed. All relevant monitoring and evaluation frameworks are being finalised. Implementation of the approach will start on 1 April 2024.

Walk Derbyshire four neighbourhood pilots are progressing well and implementation has started in all four. The evaluation partner has started to conduct interviews with all partners involved in the pilots to capture the learning. The walk leader training modules are being developed and linked with other organisations to promote everyday walking. Walk Derbyshire are currently running a "Walking through Winter" marketing campaign to encourage people to walk in the winter months. The website is being updated and a Walk Derbyshire App is currently being tested where people can upload local routes to promote a range of walks and routes.

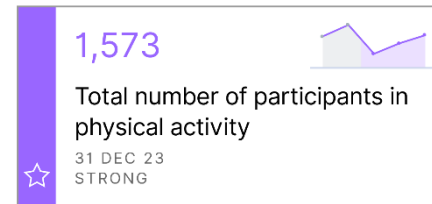


2020-2021	1,554
2021-2022	1,757
2022-2023	1,483
2023-2024	884
Target	600
Performance	★ Strong
Number of Participants	2,686

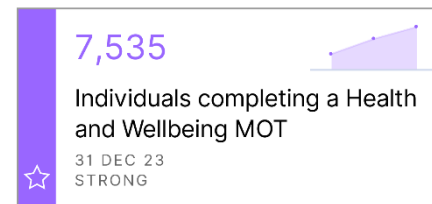
2023-24 data and target are for the year to Sep-2023



2020-2021	577
2021-2022	1,089
2022-2023	2,144
2023-2024	2,156
Target	1,275
Performance	★ Strong

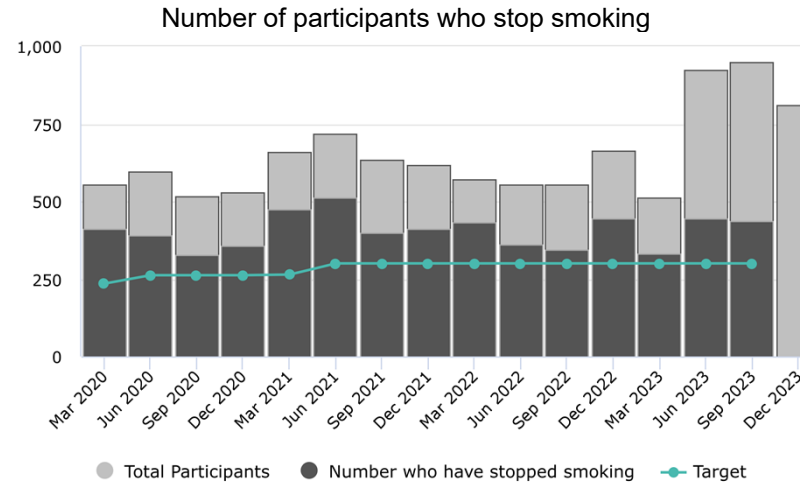


2022-2023	2,081
2023-2024	1,573
Target	975
Performance	★ Strong



2023-2024	7,535
Target	5,625
Performance	★ Strong

2023-24 data and targets are for the year to Dec-2023

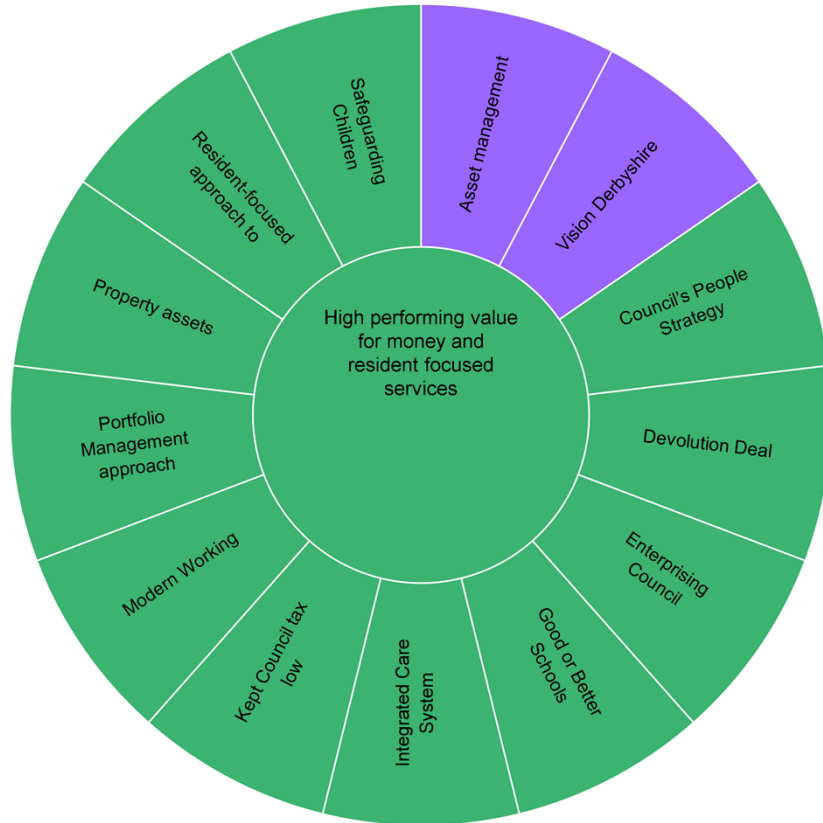


High performing, value for money and resident focused services

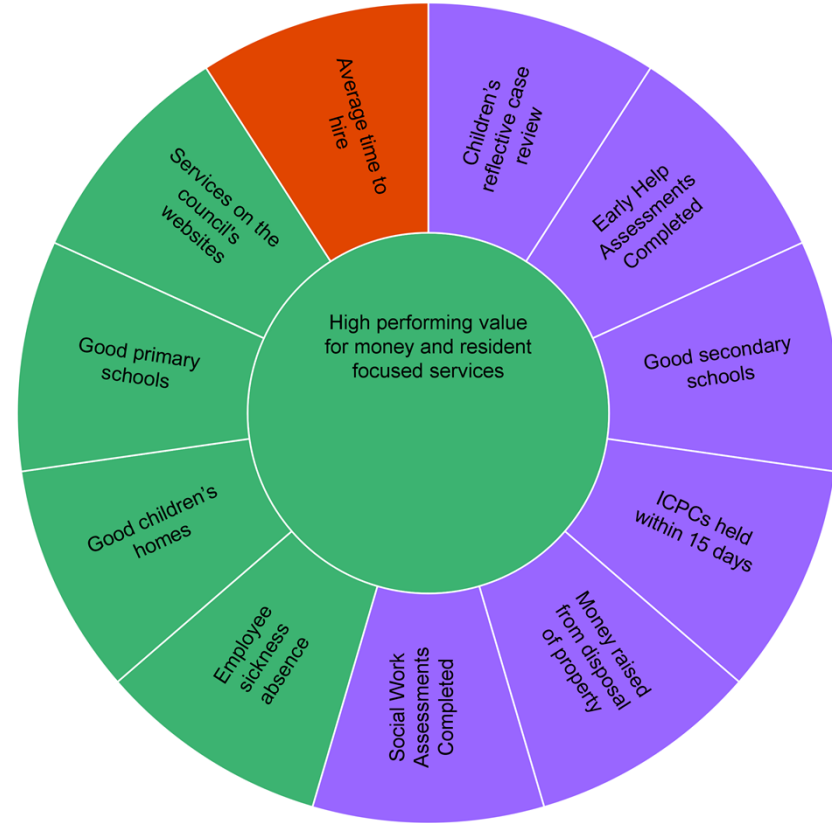
Overview

This priority shows overall “Good” progress for Council Plan deliverables, with two deliverables rated as “Strong” and 11 deliverables rated as “Good”. These are shown graphically in the left-hand wheel below. Overall, the measures for this priority are rated as “Good” based on 11 rated measures. These are shown graphically in the right hand wheel below and listed in the following table.

Deliverable Progress














Key Measures



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Key Measure Summary

Key Measure	Date	Actual	Target	Performance
Employee sickness absence (council, not including schools)	Dec-2023	5.0%	5.1%	 Good (Strong in Q2)
Average days between a job vacancy shortlisting and contract offer (council, not including schools)	Dec-2023	65.7	50.0	 Action
Proportion of practice areas with reflective case reviews judged to be good or better	Dec-2023	78.1%	70.0%	 Strong
Early help assessments completed within 45 days	Dec-2023	95.0%	90.0%	 Strong (Good in Q2)
Social work assessments completed within 45 days	Dec-2023	89.9%	82.1%	 Strong (Good in Q2)
Initial child protection conferences within 15 days	Dec-2023	85.7%	81.4%	 Strong (Good in Q2)
Percentage of council run children's homes rated as 'Good' or 'Outstanding' by Ofsted	Dec-2023	91%	91%	 Good
Number of services accessed via e-forms on the council websites	Dec-2023	153	154	 Good
Amount of money raised from the disposal of land and buildings	Dec-2023	£4,658,928	£3,200,000	 Strong
Rate of improvement in the proportion of pupils in 'Good' or better primary schools	Dec-2023	2.3	1.3	 Good (Review in Q2)
Rate of improvement in the proportion of pupils in 'Good' or better secondary schools	Dec-2023	13.6	1.3	 Strong (Good in Q2)

Progress on our deliverables and key measures

✔ Embed the council’s approved People Strategy to deliver the council’s people ambition and the people priorities

Rating: Good

Expected completion date: 31 Mar 2024

Policy development has now concluded with a review of the Induction, Holiday Pay Framework / payment days for 38 week workers and Pay Principles Framework for non-Single Status roles progressing to the council's Appointments and Conditions of Service Committee in October. A forward look for policy development is in place for the next 3 months (Quarter 4) with a focus on Performance Capability and Bullying and Harassment policies.

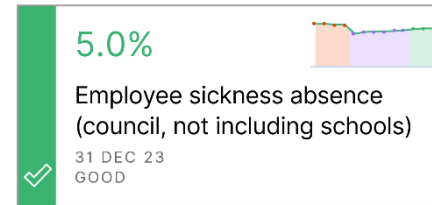
Work towards obtaining Menopause Friendly Employer Accreditation has commenced and Menopause has now been introduced as a primary sickness category for recording absence.

There have been 3,440 separate bookings from employees on the Wellbeing Activities programme to date and an additional 568 employees have attended 40 specific bespoke team or establishment based wellbeing sessions in the year to date.

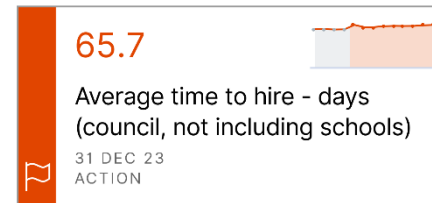
All departmental people plans have been reviewed aligned to service planning for 2023-24 and the Human Resources deliverable plan for 2023-24 is progressing around 7 core priorities.

The sickness absence measure shows total sickness hours as a percentage of total working hours available. The figure of 5.0% for total working hours available lost to sickness for the year up to the end of December is better than the 2023-24 target of 5.1% and the comparative December 2023 figure of 5.65%.

The Time to Hire measure reflects days between a vacancy being shortlisted and the contract being prepared. Quarter 3 has seen a slight increase in the year to date figure to 65.7 from the Quarter 2 figure of 64.1 days. The target is 50 days. During Quarter 3 Time to Hire has been impacted by limited capacity within the Children's Services Recruitment team. With the exception of Children's Services departmental averages have reduced during Quarter 3. There continue to be delays in the Disclosure and Barring Service (DBS) check processing which is impacting on this measure. ([Return to 'Council's People Strategy' summary](#))



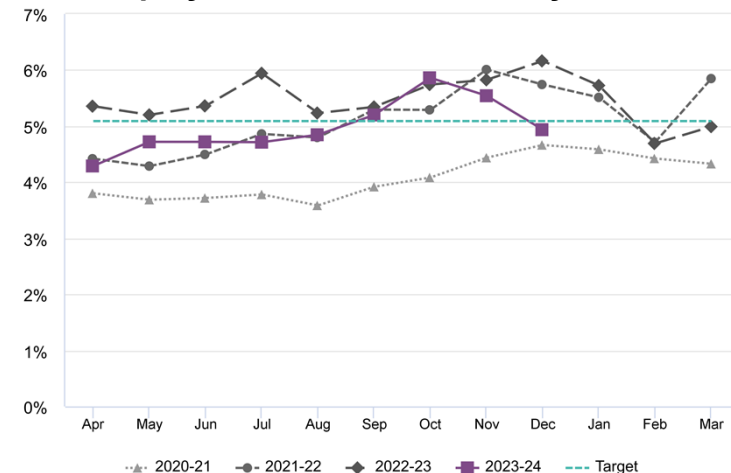
2021-2022	5.1%
2022-2023	5.5%
2023-2024	5.0%
Target	5.1%
Performance	✔ Good (Strong in Q2)



2022-2023	58.9
2023-2024	65.7
Target	50.0
Performance	✘ Action

2023-24 data and targets are for the year to Dec-2023

Employee sickness absence by month



✔ Provide consistent, high quality early help and safeguarding services for children and families across Derbyshire

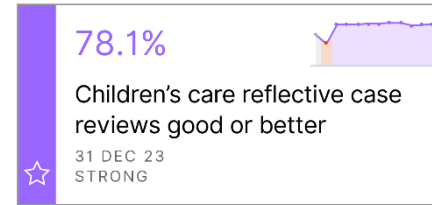
Rating: Good

Expected completion date: 31 Mar 2024

Recruitment and retention of experienced frontline social workers remains a challenge nationally and for Derbyshire. We continue to proactively engage in activity to strengthen our position including ongoing recruitment alongside engagement with a variety of training schemes. We have now dropped the Welcome Payment for new social workers joining us as it did not achieve the required impact.

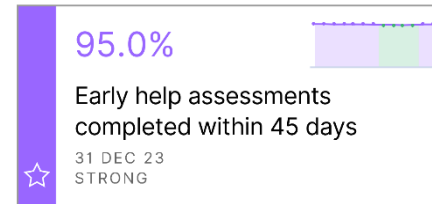
Since January 2024, it was agreed we would hold a 10% vacancy rate in frontline social work teams in order to save money. This will not impact in some localities as the vacancy rate (once agency staff are included) is above 10% but it may impact on caseloads in others. The impact of this piece of work will be kept under review. The pilot for alternatively qualified staff working in frontline social work teams is nearing completion and will report to the senior leadership team by the end of January 2024. This will inform decisions to extend the work across the county providing more flexibility in regard to case holding by non-social work qualified staff aligned to specific criteria.

In November 2024, Ofsted completed their full inspection of children's services and the final report has now been published. Positively the inspection confirmed our understanding about the good quality of social work practice across the county, evidenced by 78.1% of children's care reflective case reviews achieving a good or better judgement. Derbyshire's children's services was graded good for all four of the graded judgements (impact of leaders, children who need help and protection, children in care and care leavers) and achieved an overall effectiveness of good.

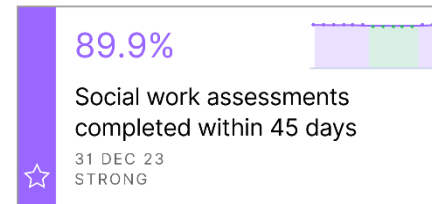


2021-2022	77.4%
2022-2023	79.7%
2023-2024	78.1%
Target	70.0%
Performance	★ Strong

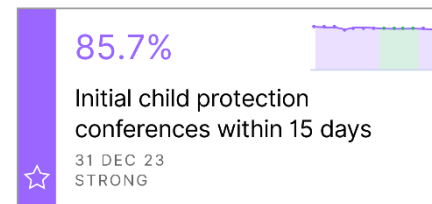
2023-24 data and target are for a 6 month average to Dec-2023



2021-2022	97.0%
2022-2023	95.1%
2023-2024	95.0%
Target	90.0%
Performance	★ Strong (Good in Q2)



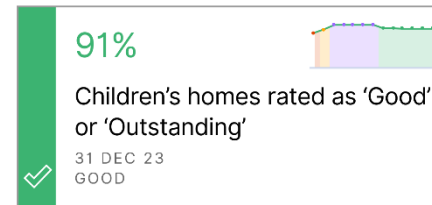
2021-2022	90.5%
2022-2023	90.0%
2023-2024	89.9%
Target	82.1%
Performance	★ Strong (Good in Q2)
National Benchmark	82.5%



2021-2022	88.5%
2022-2023	85.5%
2023-2024	85.7%
Target	81.4%
Performance	★ Strong (Good in Q2)
National Benchmark	79.6%

2023-24 data and targets are for Dec-2023

All but one of Derbyshire's 11 currently registered children's homes are judged good or better at the end of December 2023. One of our homes is currently unregistered for renovation. Performance focused on the timeliness of key processes that keep children safe continues to be solid, with 95.0% of early help assessments completed within timescale, 89.9% of social work assessments completed in timescale and 85.7% of initial child protection conferences held within timescale. This strong performance is in the context of increasing demand and activity throughout the social care system.



2021-2022	100%
2022-2023	91%
2023-2024	91%
Target	91%
Performance	✓ Good
National Benchmark	80%

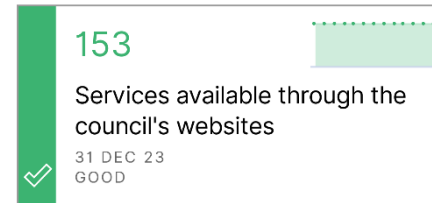
2023-24 data and target are for Dec-2023

The current budget pressures and the potential impact on early help services in particular are a significant risk in 2024. The uncertainty about the level of services available to support social work practice is likely to have a negative effect on the workforce and within early help itself the next 6 months will be extremely uncertain and challenging which will undoubtedly impact on our ability to deliver services to the standard validated by the recent Ofsted inspection. ([Return to 'Safeguarding Children' summary](#))

✓ **Support a resident-focused approach through a range of mechanisms to improve access to online services and customer service performance including implementing a complaints and feedback system**

Rating: Good (Review in Q2) Expected completion date: 31 Mar 2025

At the end of December 2023, 11,964 resident accounts had been opened with 195,793 cases created and logged via the resident portal. Of those residents using the online portal, 83% of the feedback received gave either a 4 (good) or 5 (excellent) star rating. The number of services available through the website remains at 153 against the Quarter 3 target of 154 and the year end target of 160.



2021-2022	140
2022-2023	153
2023-2024	153
Target	154
Performance	✓ Good

2023-24 data and target are for Dec-2023

An automated Adult Care self-referral form went live in October which supports further improvements in the resident experience and opens an additional channel.

This will reduce the overall time for Call Derbyshire to handle an application via the phone and also speed up the response time for those residents opting to use the automated forms, therefore also improving the overall customer experience.

The customer experience strategy is now in the process of being developed and will incorporate a refresh of the customer charter.

Options for an automated and centralised complaint system are being considered as part of the wider project to review the Customer Relationship Management system and usage.

★ Implement the Asset Management Strategy and Property 2025 programme, reviewing and rationalising our land and building assets and ensuring an effective plan is in place for the management of those we retain

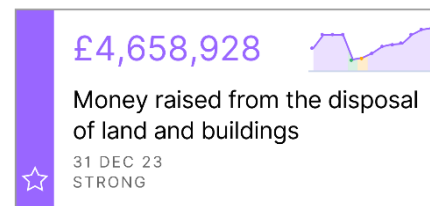
Rating: Strong

Expected completion date: 31 Mar 2025

Progress is strong with the supporting strategies required for implementation now completed and approved by Cabinet.

A review of County Hall is underway and the Facilities Management team are looking at the interim vision for the building. A draft business case will be presented to Cabinet in January 2024.

The Asset Management Strategy sets out the programme and process for reviewing every asset, challenging why we are holding it and ensuring that we have a robust plan in place for it. To date 576 assets have been reviewed, with 185 scheduled for disposal with disposals amounting to £4.659m to the end of December 2023. Expected capital receipts for the full year 2023-24 are £6.2m from 33 disposals, over a target of £4m. Disposals in 2023-24 alone have also resulted in removing a backlog of maintenance which would have cost £4.164m, energy savings of 22%, running costs of £211,000 per annum and reduction in debt charges of £249,000 per annum. Rationalisation of the estate to an affordable and manageable size also results in outcomes such as the creation of the new Chesterfield Hub, one modern and fit for purpose asset replacing 10 smaller assets which were beyond their serviceable life. ([Return to 'Asset Management Strategy' summary](#))



2021-2022	£2,783,000
2022-2023	£3,936,262
2023-2024	£4,658,928
Target	£3,200,000
Performance	★ Strong

2023-24 data and target are for the year to Dec-2023

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✓ Centralise all land and property assets, to ensure a consistent strategic approach to property decisions and building management and a single point of accountability for budgets and costs

Rating: Good

Expected completion date: 31 Mar 2025

The centralisation of assets within Property Services is progressing with the annual budgets for the current year transferred for individual buildings during October.

The benefits of the centralisation will start to be realised imminently following an interim phase where an understanding of the Service Level Agreements for each building is developed.

✓ Work in partnership with the NHS to implement the Integrated Care Strategy to benefit the health and wellbeing of the people of Derbyshire, tackle health inequalities and demonstrate a move towards more preventative interventions and investment

Rating: Good

Expected completion date: 31 Mar 2024

The council is continuing to work alongside partners to develop the County Place Partnership Board which is a key element of the place based approach to integrated care and support. A further development workshop took place in October to further clarify the purpose of the Board and identify key priorities for this group to drive forward. In addition, the areas of focus for the new Joint Local Health and Wellbeing Strategy for Derbyshire have been developed. This strategy will reflect the Integrated Care Strategy which sits at a system level for Derby and Derbyshire and reflect locally how partners

can support local delivery and wider health and wellbeing challenges. A number of workshops and one to one meetings have taken place with elected members and Health and Wellbeing Board members to consider areas of focus at the January Health and Wellbeing Board.

The second testing phase of transforming our Joint Strategic Needs Assessment (JSNA) approach has been complete and there is a stable platform with around 30 pages of content completed. JSNA content is now being agreed and developed with health system partners. Phase 2 2023-24 is on track for delivery. The public health team is supporting three development stages on tobacco control and smoking cessation for the Integrated Care System (ICS) Stay Well Key Area Of Focus. The three development stages are services, communications and strategy. These development stages will support the ICS strategy to deliver population health impacts and outcomes. The development stages are also feeding into a newly forming Tobacco Control Strategic Board.

In Quarter 3, Public Health have been working with the NHS and other system partners to develop plans to create an evaluation framework for age well/die well Key Areas Of Focus in order to achieve the aim of 'To enable older people to live healthy, independent lives at their normal place of residence for as long as possible'. Integrated and strength based services will prioritise health and wellbeing, help people in a crisis to remain at home where possible, and maximize a return to independence following escalations. Plans are underway to develop and deliver workshops to create this in 2024.

Dementia is also an area of focus and Public Health have been supporting the re-commissioning of some dementia services and supporting the ICS with the with the dementia strategy refresh. ([Return to 'Integrated Care System' summary](#))

✔ Work with schools so that the percentage of children and young people attending good or better schools improves at a faster rate than nationally

Rating: Good

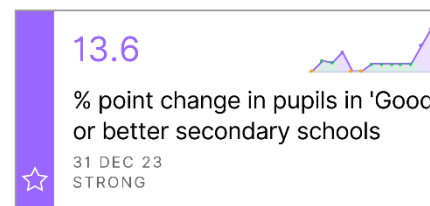
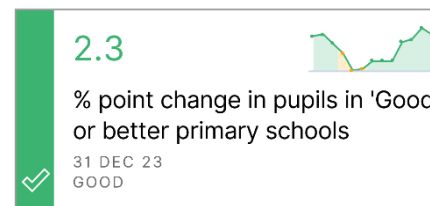
Expected completion date: 31 Mar 2025

The target set for this deliverable is for Derbyshire to improve the proportion of pupils attending good or better schools at a faster rate than that seen nationally. This target has been achieved for both secondary and primary pupils this quarter with a significant increase for secondary pupils.

The proportion of Derbyshire pupils attending good or better primary schools increased by 2.3 percentage points from 84.7% at the end of March 2023 to 87.0% at the end of December 2023. Nationally there was a 1.3 percentage point increase over the same period from 90.8% in March 2023 to 92.1% at the end of December 2023. The percentage of Derbyshire pupils attending good or better primary schools remains below the national average and the average of our statistical neighbour benchmarking group but the gaps are narrower than last quarter. The percentage of Derbyshire pupils in good or better primary schools is currently 5.1 percentage points below the national average and 4.9 percentage points below the average of our statistical neighbour benchmarking group (91.9%).

The proportion of Derbyshire pupils attending good or better secondary schools was 76.6% at the end of December 2023, an increase of 13.6 percentage points from 63.0% at the end of March 2023. This is the highest percentage since recording of this indicator began. Nationally there was a 1.3 percentage point increase from 83.1% in March 2023 to 84.4% at the end of December 2023 over the same period. Five Derbyshire secondary schools had inspection outcomes published this quarter. All 5 were judged good - one school (Heritage High School) was previously judged as requiring improvement and 4 schools were previously judged as inadequate (The Ecclesbourne School, Hope Valley College, Glossopdale School and Outwood Academy Hasland Hall). At the end of December 2023, the percentage of Derbyshire pupils in good or better secondary schools remains below the national average and the average of our statistical neighbour benchmarking group but the gaps are significantly narrower than last quarter. The percentage of Derbyshire pupils in good or better secondary schools is currently 7.8 percentage points below the national average (a reduction from a 17.7 percentage point gap last quarter and a gap of 26 percentage points in December 2022) and 7.4 percentage points below the average of our statistical neighbour benchmarking group (a reduction from a 17.3 percentage point gap last quarter and a gap of 25.8 percentage points in December 2022).

Findings and learning from recent Ofsted inspections continue to be routinely disseminated at briefings for headteachers and governors. All maintained schools have returned their School Improvement Priorities Document or School Improvement Plan. The set of priorities for improvement have been



2021-2022	2.4
2022-2023	1.1
2023-2024	2.3
Performance	✔ Good (Review in Q2)
National Benchmark	1.3

2021-2022	1.9
2022-2023	6.1
2023-2024	13.6
Performance	★ Strong (Good in Q2)
National Benchmark	1.3

2023-24 data and target are for the year to Dec-2023

Additional Data as at December 2023

	Number of schools		Percentage of pupils	
	Primary	Secondary	Primary	Secondary
Outstanding	21	2	5.5%	5.9%
Good	280	31	81.5%	70.7%
Requires Improvement	44	11	12.2%	20.7%
Inadequate	6	1	1.4%	2.8%
Good or better - Derbyshire	85.8%	73.3%	87.0%	76.6%
Good or better - National	90.9%	82.8%	92.1%	84.4%

triangulated against all the data held by the senior adviser for each school. As a result, each maintained school has been sent a letter indicating the risk assessment and sets out sources of support which can be provided. The support provided to the schools which are causing most concern includes additional, regular monitoring and challenge by the senior advisers through a School Progress Review at which key school governors are invited to attend. ([Return to 'Pupils attending 'Good' or 'Outstanding' schools' summary](#))

 **Work with partners and central government to deliver an East Midlands Combined County Authority (EMCCA) and devolution deal to create jobs opportunities for training, improve the local economy, transport, and housing, and accelerate our route to reduce emissions to net zero**

Rating: Good

Expected completion date: 30 Jun 2024

The four constituent authorities have now approved the creation of the EMCCA. 'Shadow' arrangements now being developed in preparation for inauguration of the EMCCA in prior to the mayor being elected on 4 May 2024.

 **Further develop the Vision Derbyshire governance arrangements and align the programme to the emerging East Midlands Combined County Authority to deliver agreed priorities and take forward opportunities for broader public sector reform**

Rating: Strong (Good in Q2) Expected completion date: 31 Mar 2024

Work has continued to progress on the merger of the Vision Derbyshire Joint Committee and the D2 (Derby and Derbyshire) Economic Prosperity Committee (EPC) to provide a single discussion and decision-making arena which includes all Councils and their Leadership and aligns to the proposed new East Midlands Mayoral Combined County Authority (EMCCA).

A significant amount of work has been undertaken to establish the new D2 Strategic Leadership Board (SLB), working with Derby and Derbyshire Councils to finalise the draft Terms of Reference, develop a joint report to progress decision making on the D2 SLB and dissolve the relevant committees for the D2 SLB to be enacted.

All local authorities within Derby and Derbyshire are now being asked to agree to join and participate in the D2 SLB as constituent members and have committed progressing to establish the D2 SLB during Quarter 4. ([Return to 'Vision Derbyshire Phase 4' summary](#))

 **Establish and implement a new programme to deliver the updated Enterprising Council Business Strategy, continuing our focus on transforming and modernising the council**

Rating: Good

Completed: 31 Dec 2023

The review of the Enterprising Council Strategy has been completed and this will continue to form part of the council's three pillar strategic approach alongside Vision Derbyshire and Thriving Communities for the forthcoming year 2024-25. During this year work will also be undertaken, as part of our integrated strategic planning framework, to refresh our strategic approach so that the way we work as a council, alongside our partners and with communities, can drive the delivery of our ambitions during the next planning period 2025-2029. A portfolio of transformation projects and programmes

to drive forward efficiency and effectiveness across the council has been established, and implementation is in progress led by the Portfolio Direction Group, composed of the council's senior managers.

✔ Implement actions from the review of Modern Ways of Working with a focus on the workstream exploring the future development of County Hall

Rating: Good

Completed: 30 Sep 2023

This deliverable has now been completed.

✔ Embed the new Portfolio Management approach and framework across the council to ensure that programmes and projects are coordinated and deliver improved outcomes and value for money

Rating: Good

Expected completion date: 31 Mar 2024

The Portfolio Management Implementation Programme received approval of closure on 5 December 2023 by the council's senior management team, at the Portfolio Direction Group. All deliverables set out on the Programme Plan under the objectives and plan are complete. The following key deliverables have been achieved:

- Going live with the new corporate Portfolio Management Office (PMO);
- The design and implementation of a programme and project lifecycle along with updated set of tools, templates, and documentation for use by project and programme managers ensuring a consistent methodology, approach, and language across the council;
- The production of a Learning and Development strategy followed by a bespoke internal training programme focusing on how to apply the professionally recognised methodology to the council, with the aim to build a professional level of confidence and capacity;
- Centralising the programme and project management resource across the council into the corporate PMO function;
- A new Change Management Framework, to compliment a strong programme and project management approach.

At the end of the programme a maturity assessment was undertaken to provide a first measure of level of progress. The assessment showed that the council had moved from level 1 to level 2 in maturity, within just 12 months.

✔ Kept Council Tax within the lowest 25% of County Council areas and lobbied government to secure a better funding settlement

Rating: Good

Expected completion date: 31 Mar 2024

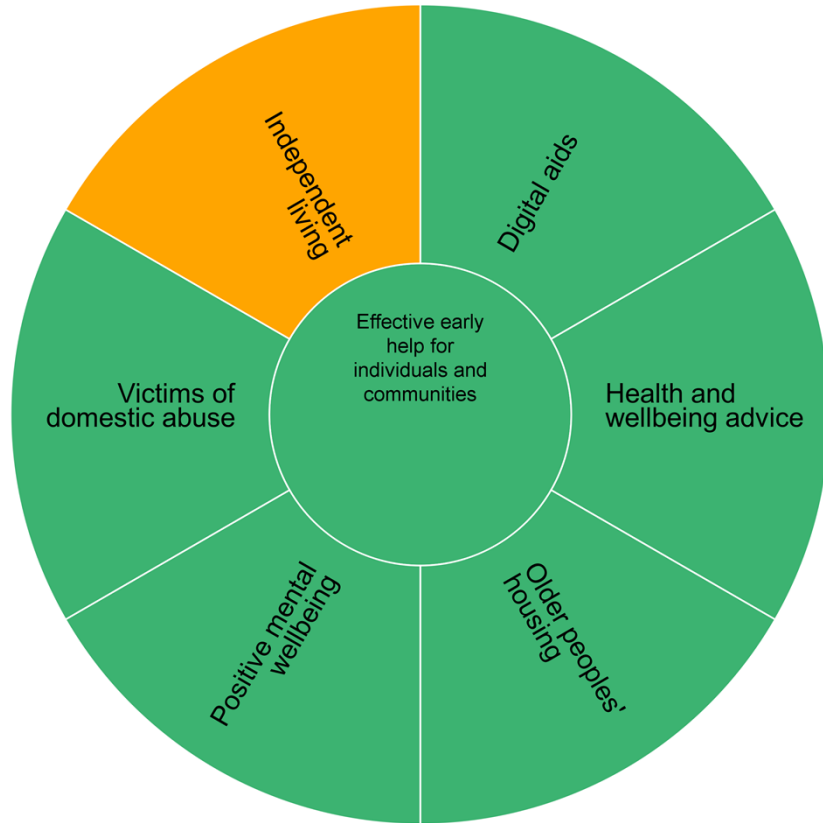
The council set its 2023-24 Band D Council Tax at £1,477.98, this being one of the lowest Band D amounts compared to other similar county authorities. The 2023-24 Council Tax increase of 3.75% was amongst the lowest increases compared to other similar authorities. The council continues to support the County Council Network (CCN) and the Local Government Association with lobbying government and will respond to the recent CCN survey in respect of the fair funding review.

Effective early help for individuals and communities

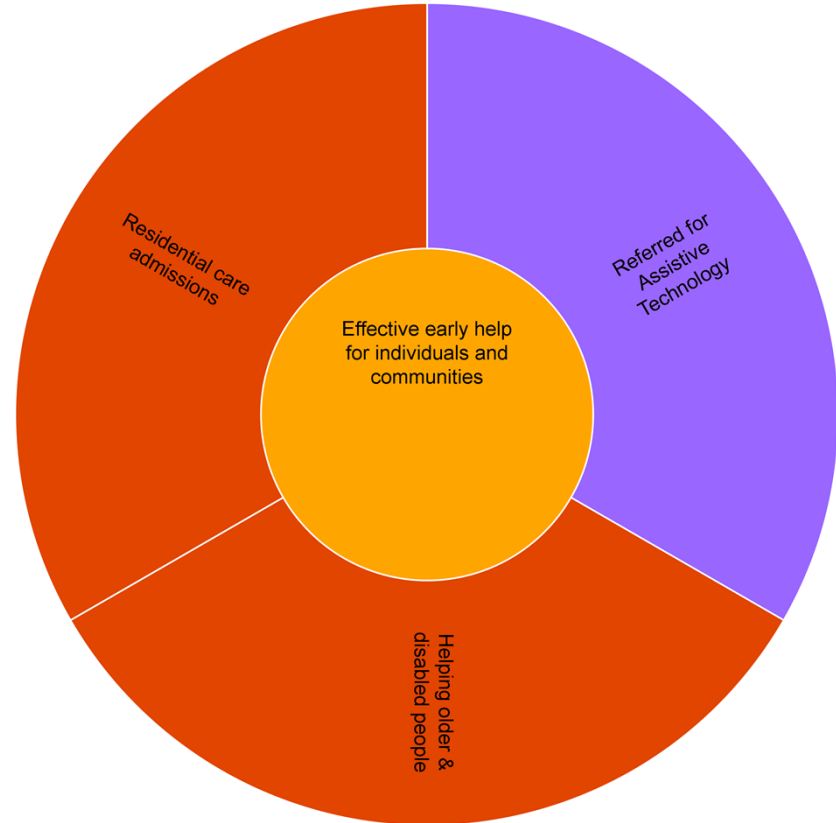
Overview

This priority shows overall “Good” progress for Council Plan deliverables, with five deliverables rated as “Good” and one deliverable 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 3 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-2023	2,355	2,691	 Action
Number of permanent admissions to residential and nursing homes	Dec-2023	827	699	 Action
Number of people with social care needs referred for Assistive Technology	Dec-2023	837	450	 Strong

Progress on our deliverables and key measures

-  **Improve outcomes for victims of domestic abuse and their families by focusing on prevention, early intervention, work with perpetrators and commissioning specialist support**

Rating: Good

Expected completion date: 31 Mar 2024

The Domestic and Sexual Abuse Partnership Board is well established, and work is being delivered against all priorities. The specialist services relating to accommodation, children's services and outreach support have been re-commissioned and will commence on 1 April 2024.

-  **Work with partners to promote positive mental wellbeing and improve support for local people, with a particular focus on children and young people and suicide prevention**

Rating: Good

Original completion date: 30 Sep 2023 Expected completion date: 31 Mar 2024

During Quarter 3, the Let's Chat Derbyshire Podcast launched, with the first episode airing on 10 October 2023 with over 3,000 listeners. Since then, three more podcast episodes have been released, covering various themes and speaking with people about mental health, suicide prevention, and neurodiversity. The aim of the podcast is to share information to promote positive mental wellbeing in a different format.

On the 10 October 2023, the Mental Health and Suicide Prevention team assisted in the organisation of and attendance at the North East Derbyshire and Bolsover Navigate event. The event gave a chance for school workers and Children's Services staff to learn more about Mental Health and Suicide Prevention with a particular focus on children and young people. Around 200 people attended the event.

The Mental Health and Suicide Prevention team created a winter wellbeing toolkit for staff and partner organisations to utilise over the winter holiday season. The toolkit includes social media posts and posters.

The quarterly multi-agency suicide prevention partnership meeting was held, and more than 25 people participated.

The Suicide Bereavement and Support Service was extended for another year in November 2023. ([Return to 'Positive mental wellbeing' summary](#))

✓ Deliver health and wellbeing advice and coaching to prevent, reduce and delay the need for adult social care services

Rating: Good

Expected completion date: 31 Mar 2024

The Health and Wellbeing Team are currently actively supporting a total of 251 people and have received 83 new introductions in Quarter 3. With a total of 222 new introductions and 88 shared agreements since April 2023.

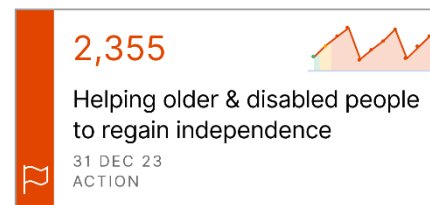
The thematic surveys and analysis with Nottingham University is continuing, surveys have now been completed and analysis is underway. The Health and Wellbeing Team continue to meet on a regular basis to deliver the development plan, challenge topics completed to date include prototyping reflection; operating framework introduction; team wellbeing; definition of complex; outcome measures; ending an introduction effectively, mini teams, risk assessment review (individual risk assessment and pre-visit checklist), and coaching models. Work has begun with the Mosaic Team to create a new initial contact form for Adult Social Care staff to complete, which will streamline the process. 10 staff members completed the diploma in Health and Wellbeing Coaching. A new cohort will be starting a new course in April 2024. Demand remains high and incoming introductions are being carefully managed on a weekly basis with district and borough area teams being paused and un-paused as and when required, i.e. when demand exceeds available staff resources.

🟡 Finalise 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

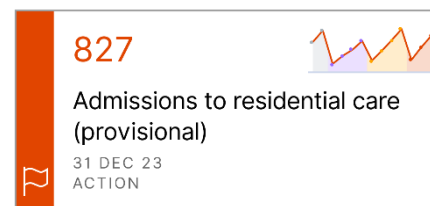
Rating: Review

Expected completion date: 31 Mar 2025

Whilst there is an improving position, the lack of available home care continues to impact on the Adult Social Care offer for older people. The Short Term Service (Reablement) has been redesigned to improve capacity and efficiency. This will increase the capacity available to older people requiring reablement intervention. Implementation will commence on 15 January 2024. So far this year, the service have supported 2,355 people against a target of 2,691. This year 827 people have been admitted to long term permanent residential care against a target of 699. ([Return to 'Supported people to live at home' summary](#))



2021-2022	2,911
2022-2023	2,820
2023-2024	2,355
Target	2,691
Performance	Action



2021-2022	711
2022-2023	990
2023-2024	827
Target	699
Performance	Action

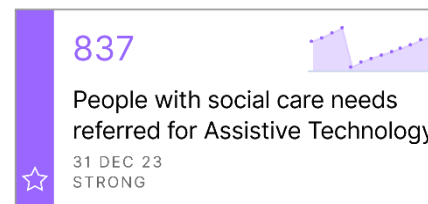
2023-24 data and targets are for the year to Dec-2023

✔ Provide local people with access to a wider choice of digital aids and technologies, to enable them to feel safe and independent in their own home

Rating: Good

Expected completion date: 31 Mar 2025

Considerable work has been undertaken within the Assistive Technology (AT) Service during Quarter 3 to prepare for and commence the review of clients with a community alarm only service (no wider care package). This follows last quarter's Cabinet decision around funding and eligibility. All clients have been informed of changes, a review team is in situ and reviews have taken place, with most people assessed as not needing any additional services and therefore being responsible for associated monitoring costs. The work is expected to continue for approximately 12 months. For new clients, changes came into effect from 1 December 2023 with all those with no care package being responsible for the monitoring costs.



2021-2022	900
2022-2023	1,048
2023-2024	837
Target	450
Performance	★ Strong

2023-24 data and target are for the year to Dec-2023

Medequip Connect have been announced as the successful bidder for the new AT contract, commencing 1 April 2024. The service will be responsible for all council funded clients across the county, including all installation, repairs, maintenance and monitoring activities. All analogue equipment will be replaced in the coming months, and all platforms will be digitally prepared, in line with the upcoming Digital Switch in 2025 (which is driven by communications providers).

Figures remain well above target in Quarter 3, with referrals for 291 people with eligible care needs to access Assistive Technology. This year, to date we have supported 837 people with access to Assistive Technology

✔ Work with District and Borough Councils and other partners to identify an average of 3 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

Following approval of the new All-Age Housing, Accommodation and Support Strategy - 'A Place we Call Home', the Accommodation Delivery Strategy group will be meeting in late January / early February to agree a Terms of Reference document and to set action priorities. The Accommodation Strategy will be presented to the Amber Valley Place Alliance in February, followed by presentations to the remaining Place Alliances and local Delivery Plans will be co-produced, agreed and formalised.

We continue to identify any opportunities to meet our housing with care and support needs against assets that have been identified for disposal. The Ladycross Home for Older People has recently been purchased at auction by a developer we have been in discussions with and their intention is to provide specialist dementia care.

A Care Home in Chesterfield will provide specialist dementia care (17 beds) from January 2024, and we are discussing proposals with another provider for a 34-bed specialist Mental Health care unit.

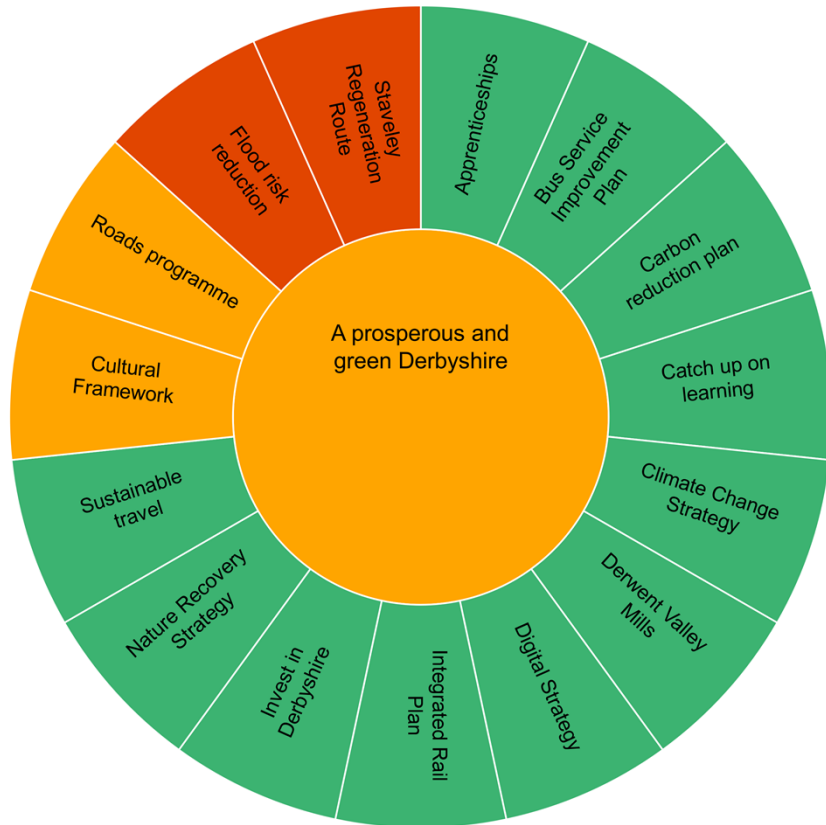
Following liaison with Heads of local Planning Authorities, we are now a statutory consultee for planning applications for care home provision enabling a productive exchange of information. We are continuing our dialogue with investors and developers to influence an increase in the provision of nursing care in High Peak and other areas where we have an indicative shortfall.

A prosperous and green Derbyshire

Overview

This priority shows overall “Requiring Review” progress for Council Plan deliverables, with 11 deliverables rated as “Good”, two deliverables rated as “Requiring Review” and two deliverables rated as “Requiring Action”. These are shown graphically in the left-hand wheel below. Overall, the measures for this priority are rated as “Review” based on 11 rated measures. These are shown graphically in the right hand wheel below and listed in the following table.

Deliverable Progress
















Key Measures



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Key Measure Summary

Key Measure	Date	Actual	Target	Performance
Percentage reduction in CO2e from 2009-10 baseline		Data due in Sept. 2024	70.8%	No data for 2023-24
Total amount of expenditure on the delivery of the Local Transport Programme	Dec-2023	£28.900m	£33.000m	 Action
Percentage of defects completed within target timescales	Sep-2023	54.4%	90.0%	 Action
Percentage of Principal roads where maintenance should be considered	Dec-2023 (Annual Measure)	27.8%	13.0%	 Action
Percentage of Non-principal classified roads where maintenance should be considered	Dec-2023 (Annual Measure)	37.0%	23.0%	 Action (Good in Q2)
Percentage of Unclassified road network where maintenance should be considered	Dec-2023 (Annual Measure)	36.5%	31.0%	 Action (Good in Q2)
Percentage of residents satisfied overall with Highways and Transportation services	Dec-2023 (Annual Measure)	49.0%	60.0%	 Action
Percentage of pupils achieving the expected level in Phonics	Aug-2023 (Annual Measure)	78.5%	79.0%	 Good
Percentage point gap between disadvantaged pupils in Derbyshire and non-disadvantaged pupils achieving the expected standard in Phonics	Aug-2023 (Annual Measure)	16.7	18.7	 Strong
Percentage of pupils achieving a standard pass or higher (grades 4-9) in English and Maths at GCSE	Aug-2023 (Annual Measure)	64.2%	60.5%	 Strong
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-2023 (Annual Measure)	32.6	31.6	 Review (Action in Q2)
Percentage of 16 to 17 year olds in education, employment or training (3 month avg)	Nov-2023	72.2%	88.5%	 Action (Good in Q2)
Percentage of premises across the county that have access to Superfast broadband (>30Mbps)	Dec-2023	97.7%	Not set	 No Target
Amount of Apprenticeship Levy transferred to businesses	Dec-2023	£289,637	Not set	 No Target

Progress on our deliverables and key measures

Continue to deliver the Climate Change Strategy and Action Plan which sets out priorities to reduce the county's greenhouse gas emissions

Rating: Good

Expected completion date: 31 Mar 2025

The council's Climate Change Strategy: Achieving Net Zero (2021-2025) was approved by Cabinet on 14 October 2021. The Strategy sets out the council's role and priority areas of work on reducing the council's and the county's emissions. An annual review of progress is presented to Cabinet in January of each year. The most recent review, to be presented to Cabinet in January 2024, shows that effective and robust delivery of the Strategy during 2023 has meant that over 50% of the priority actions are on track to meet or exceed the desired outcomes, and action is being taken to address any risks to delivery of any targets and actions currently not on track. At the end of Quarter 3 of 2023-24 none of the 32 priority actions in the Strategy are deemed unlikely to achieve timetable and/or to deliver required outcome.

The council has a target for county-wide emissions to reach net zero by 2050. Data is provided by the UK Government, which reports annually on emissions arising within each council's geographic area. This government data groups emissions by source, including industrial and business users, the public sector, homes, transport and agriculture, and around 99% of emissions are outside the council's direct control.

The latest data relates to 2021 and shows there was a 9% increase in Derbyshire's emissions between 2020 and 2021 (compared to a 5% increase in overall UK emissions). Since the baseline year of 2005 Derbyshire's emissions have reduced by 22% (compared to a 39% reduction in overall UK emissions). This difference is mostly due to industry's contribution to Derbyshire's overall emissions, which was 48% in 2021. Of these industrial emissions, Derbyshire's large industrial installations, such as the mineral products industry, account for almost 70%. In comparison, industry accounted for 21% of UK emissions in 2021. Furthermore, emissions from industry have reduced by 43% between 2005 and 2021 when looking at the whole UK, whereas they have only reduced by 12% for Derbyshire's industry over the same period. To help address this, the council is working collaboratively with the mineral products industry to identify opportunities for the industry to achieve net zero by 2050 through activities such as renewable energy generation, Carbon Capture, Utilisation and Storage and low carbon transport and logistics.

✔ Reduce greenhouse gas emissions from council property, vehicles and street lighting to 12,310 tonnes CO₂e by 2024 and net zero by 2032

Rating: Good

Expected completion date: 31 Mar 2032

The council has a target to be a net zero organisation by 2032, or sooner. Emissions from four sources are currently included within the council's net zero target: Corporate Property; streetlighting; core fleet; and grey fleet which relates to officers using their own vehicles for business travel.

The most recent data for these four sources is for 2022-23 and indicates that:

- Emissions from energy used in corporate property reduced by 16% between 2021-22 and 2022-23. There has been a 52% reduction in emissions from corporate property since the 2009-10 baseline year.
- Emissions from energy used in streetlighting reduced by 23% between 2021-22 and 2022-23. There has been an 87% reduction in emissions from streetlighting since the 2009-10 baseline year.
- Emissions from core fleet reduced by 2% between 2021-22 and 2022-23. There has been a 68% reduction in emissions from core fleet since the 2009-10 baseline year.
- Emissions from grey fleet increased by 5% between 2021-22 and 2022-23. There has been a 70% reduction in emissions from grey fleet since the 2009-10 baseline year.

To date, the council has made good progress towards its net zero target of 2032, or sooner, with a 71% reduction in council emissions achieved between 2009-10 and 2022-23 (from 42,965 tonnes CO₂e to 12,624 tonnes CO₂e). This means that, based on a linear trajectory from the 2009-10 baseline year to net zero by 2031-32, the council is ahead of target in its emissions reductions at this point in time.

However, the speed of reduction is at risk of slowing down, highlighting that further effort is required to reduce the council's emissions. Supplemental work is now underway to explore how the further reductions necessary might be achieved, and to understand the resource implications of doing so.

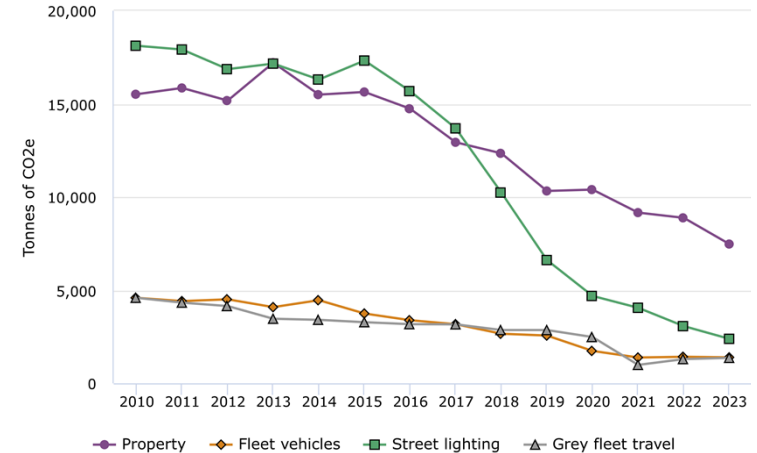
Annual reduction targets for emissions from grey fleet to 2032 have been developed and agreed and are being embedded within Departmental Service Plans.



2020-2021	63.7%
2021-2022	65.8%
2022-2023	70.6%
Target 22-23	68.5%
Performance	✔ Good
2023-2024	Due in Sept. 2024

Data for 2023-24 will be available by September 2024

Breakdown of CO₂e emissions by main sources



✔ Develop and deliver 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 2024

Walking, Wheeling and Cycling

With recent Active Travel England Capability fund grant awards, the council has now begun to develop a series of local active travel (walking and cycling) plans for market towns.

The Active Travel England Capability funded Active Travel Masterplan project continues to progress. Stakeholder engagement has been undertaken and concept masterplan development is underway for three market towns.

Most recently (and additional to the £0.285m previously secured), the council has been awarded an uplift of £0.142m to expand the project, this will include a rescoping to include villages across the Hope Valley.

This workstream will be the primary focus of the next 12 months and will explore the opportunities, barriers and interventions required to ensure increases in walking, wheeling and cycling in daily movements of Derbyshire's residents and visitors.

Outputs from the project are expected to include a suite of active travel interventions and measures that can be replicated as appropriate across the county.

Continued development of the Key Cycle Network

The Public/Stakeholder Engagement Report for the joint Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) Draft Local Cycling and Walking Infrastructure Plan (LCWIP) is being finalised for publication to inform the final Plan for Cabinet Member endorsement. The LCWIP provides the strategic direction for the continued development of the Key Cycle Network.

Recent highlights include:

- Little Eaton Branch Line - Forms part of Derby City to Ripley Active Travel Route. A successful funding bid to Active Travel England (Tranche 4) has secured £2.73m for construction of multi-user Greenway along the former railway branch line between Duffield Road, Little Eaton and Rawson Green. Planning application has been submitted, consultation is underway and further design elements being considered.
- White Peak Loop (WPL) - A successful funding bid to Active Travel England (Tranche 4) has secured £0.275m for further development work, leading to submission of planning applications for preferred route options identified in recently completed studies for WPL from the end of the Monsal Trail at Topley Pike into and through Buxton to Harpur Hill. Officers are working through the commissioning process with the aim to award a contract in early 2024.
- Pennine Bridleway National Trail - Grant offers have been received from Natural England through the Pennine National Trails Partnership for ongoing maintenance of the route, including funding for a Project Officer, as well as continued development of missing sections of the Trail around Glossop.
- Derwent Valley Trail - The Shardlow to Hathersage Feasibility Study is nearing completion, reports for each of the five sections of the route are being finalised with input from officers and members of the Derwent Valley Trust, with final reports expected by end of January 2025.

Low Emission Vehicles Infrastructure (LEVI) Programme

The implementation of the LEVI Strategy is gaining pace with three key workstreams identified: On Street Residential, Destination Charging and Private Charging. Recent highlights include:

- On Street Residential Charging: In late November 2023 a bid was submitted to government for £2.5m for installation of up to 5,000 street lamp column charge points. These chargers will be located across the county in areas where there is little or no off-street parking. A decision is currently awaited on the award. Once approved procurement work can commence so that installations can begin in Spring 2024.
- Destination Charging: Working closely with Midlands Connect and the Derbyshire Districts and Boroughs, development work to finalise the locations of 600 government and privately funded locations is in the closing stages. The deadline for these sites to be finalised is by the end of March 2024. Development of a procurement route has been undertaken in parallel with the site selection activity. The Midlands Connect (MC) government funded work is a grouping of the D2N2 authorities (Derby, Derbyshire, Nottingham and Nottinghamshire) with Nottinghamshire acting as lead. The next phase of work is to agree the procurement route with the D2N2 authorities and MC followed by opening the scheme to the market in late 2024. The private sector funded work for higher powered chargers and hubs also has a deadline of March 2024 for sites to be confirmed and close working continues with the District and Boroughs to confirm suitable sites. Installation of the private sector sites will begin in 2025.

A pilot project is underway for increasing the use of the council owned electric fleet by providing suitable infrastructure (charge points) to facilitate pool electric vehicles. Suitable suppliers have been identified and several pilot sites have been prioritised. The pre planning stage is now complete. Officers will now progress necessary planning applications and procurements in preparation for installations in Spring 2024.

Rural Mobility Fund - Moving Together

The project, which enables people to share vehicles and charge points, is currently underway with Cenex appointed to deliver on behalf of the council. A significant milestone was achieved with the successful launch of the online platform, known as Moving Together, in July 2023. Following a series of community engagement events and activities throughout the summer, the next steps involve evaluating the impact of community engagement on both traffic to the Moving Together platform and the uptake of operator offers. This assessment will provide valuable insights into the effectiveness and utilisation of the platform, contributing to the project's overall objectives.

Rail Travel

The council continues to support Community Rail Partnerships (CRP) on both the Hope Valley/ High Peak and Derwent Valley Lines, ensuring objectives align with council priorities for Sustainable, Public and Active Travel.

CRP work has continued to improve facilities at stations across Derbyshire. This includes new electronic travel planning and real time information signage, planting and amenity improvements and development and promotion of active travel routes to, from and around stations.

Following significant lobbying by the council, Derwent Valley Line CRP and other stakeholders, in June 2023 East Midlands Railway reintroduced hourly direct rail services along the Derwent Valley line from Matlock to Nottingham.

Complete the delivery of a £120 million 3-year Local Transport Programme (LTP) to provide well managed roads and highways and address road safety concerns

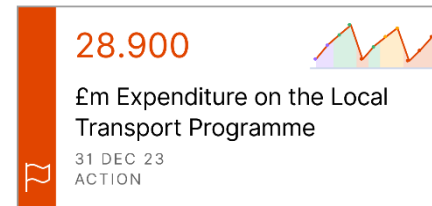
Rating: Review

Expected completion date: 31 Mar 2024

We are in the third and final year of delivering the council's £120m three-year Highways Capital Programme. Delivery is going well with large elements of our resurfacing programme and other major projects having been delivered on the ground. Captured costs in the council's financial management system are currently £25.2m, total cost of schemes delivered on the ground is £28.9m. A further £15m of work is programmed for the remainder of the current financial year, the recent bouts of severe weather have started to impact on delivery, however we have reprogrammed to keep on track to complete the delivery of the three years £120m programme. Quarter 3 spend reflects Carriageway Surfacing and Carriageway Patching programmes that are currently being delivered. There are also a large number of resurfacing and pothole repair contracts that have recently been awarded which will accelerate delivery over the next three months, notwithstanding severe weather events.

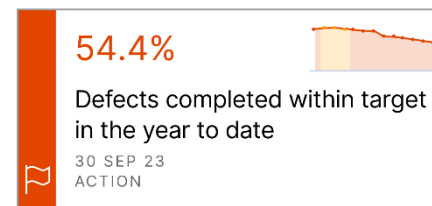
Whilst Highways continue to repair a significant number of defects the volume of new defects reported continues to rise. This is due to the series of adverse and unpredictable weather conditions experienced recently and it is acknowledged that this has impacted our ability to repair all the defects within the target time frames as a result of the demand far outweighing the resources available.

Implementation of the new asset management system, Alloy, has begun during this period. This is a staged approach with road fault reporting being an early component of that implementation and reporting mechanisms are being designed. Inevitably, this has provided a challenge to the service in adapting to new systems and, alongside the significant increase in demand for repairs, there has been an issue recording service delivery levels. It is acknowledged that the target of 90% of defects completed within target timescales is not currently being achieved, and despite not having exact data at this time, due to the shift in recording systems, it is unlikely that data has improved since the previous quarter which was 54.4% at the end of September 2023. Exact data will not be able to be reported until 2024-2025. The design of reporting mechanisms is underway and will be developed alongside the Priority Pothole Response that has been initiated to focus activity and response following the series of adverse weather events experienced over Quarter 3 and continuing into the New Year.



2021-2022	£39.674m
2022-2023	£37.000m
2023-2024	£28.900m
Target	£33.000m
Performance	Action

2023-24 data and target are for the year to Dec-2023



2021-2022	75.0%
2022-2023	76.6%
2023-2024	54.4%
Target	90.0%
Performance	Action

2023-24 data and target are for the year to Sep-2023. There is a delay to Q3 data due to the switch-over to the new asset management system.

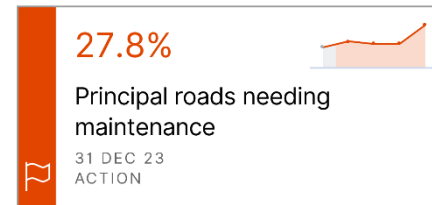
Appendix 3

The Annual Engineers Inspection is undertaken between April and June and the results are reported in Quarter 3. This supports the preparation of the following year's delivery programme. The survey splits the roads into categories of principal roads (major A roads), classified roads (smaller B and C roads) and unclassified roads. The outcome shows that there are 27.8% of Principal roads, 37.0% of classified roads and 36.5% of Unclassified roads needing maintenance, which is indicative of a network that requires additional capital investment and has been documented at a national level for a number of years. The annual National Highways and Transport (NHT) customer satisfaction survey, also undertaken in the summer, reports that 49% of Derbyshire residents are satisfied with Highways and Transportation Services, which is a decrease from last year's figure of 51% but remains in line with the NHT average.

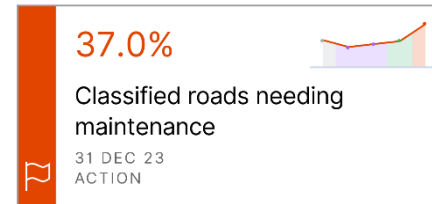
The additional pothole grant of £7.2m received from the Department for Transport during this financial year, will be used to help to mitigate the impacts of the increased demand with the intent of providing permanent repairs at identified locations. The Network North announcement indicates a significant uplift in capital grant over the period 2023-2034 that will provide the long-term funding to help support our asset management priorities.

To date £3m has been received this financial year and a further £3m is planned in 2024-25. However, the allocations for the remaining indicative funding have yet to be published. ([Return to 'Roads programme' summary](#))

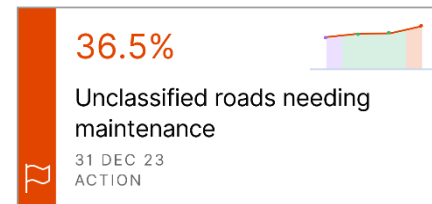
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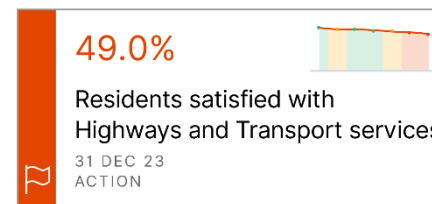
2021-2022	15.2%
2022-2023	15.4%
2023-2024	27.8%
Target	13.0%
Performance	Action



2021-2022	19.6%
2022-2023	22.1%
2023-2024	37.0%
Target	23.0%
Performance	Action (Good in Q2)



2021-2022	29.9%
2022-2023	30.2%
2023-2024	36.5%
Target	31.0%
Performance	Action (Good in Q2)



2021-2022	52.0%
2022-2023	51.0%
2023-2024	49.0%
Target	60.0%
Performance	Action

2023-24 data and targets are for the full year 2023-24

 **Reduce 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 support and develop flood resilience measures**

Rating: Action (Good in Q2) Expected completion date: 31 Mar 2024

The impacts of storm Babet in October 2023 severely affected the teams work, and business as usual activities need to be suspended until at least the end of March 2024 because of the need to respond to the additional increased volume of enquiries, as well as the 1,400 properties that experienced flooding during the storm.

Following the storm, The Flood Team is managing the Property Flood Resilience Grant Scheme, which will enable properties to claim grant funding of up to £5,000, to make their homes more resilient and resistant to future floods. Managing this grant will mean focussed work from one of the Project Engineers which will further impact upon delivery of business-as-usual activity, however it is essential to offer this to the communities affected.

The Section 19 Flooding Investigation is underway and is important in helping to ascertain an understanding of why and where the flooding happened. This investigation can also be used to develop and drive forward future flood mitigation schemes, working in partnership with other Risk Management Authorities such as the Environment Agency and other Water companies.

Looking ahead into 2024 and beyond, it is clear that there will be a significant expectation from residents and businesses affected by the recent flood event to provide future flood mitigation. Despite the challenges of the current team's capacity having already reached its limit, they will work hard in trying to deliver this. ([Return to 'Reduced the level of flood risk' summary](#))

✔ Work 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

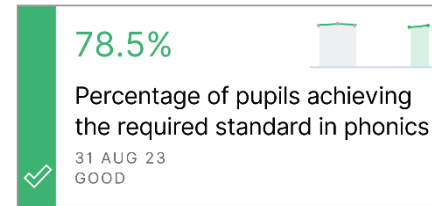
Original completion date: 30 Jun 2023

Expected completion date: 31 Mar 2024

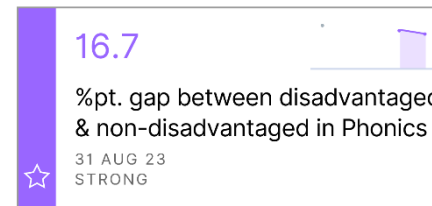
The Education Improvement Service has continued to work robustly with schools and other partners throughout Quarter 3 to improve outcomes for children and young people and support catch-up on learning. Derbyshire's successful 'Learn to Read, Read to Learn' partnership, exploring evidence-informed approaches for improving pupils' reading skills at key transition points, is continuing this year. Eighteen schools (including 3 nursery schools) and 19 private, voluntary and independent settings are engaged with our Early Years Confident Communicator packages. 79% of schools engaged have an improved Good Level of Development overall and 65% specifically improved in Communication and Language. A cohort of 12 schools started on our Phonics and reading programmes in November and an additional 7 who were on the programme last year will be taking part in the 'step down' programme. In total nearly 3,271 students should benefit from support provided to their teachers.

Derbyshire is seeing increasing levels of school-to-school capacity for improvement. 4 schools who participated in the phonics programme last year are offering open classrooms to schools involved this year. Examples include - Embedding strong practice in phonics and early reading in an infant school (Whittington Moor Infant and Nursery Academy); Successful Implementation of a Systematic Synthetic Phonics (SSP) Programme and an opportunity to see a Read Write Inc (Holmgate Primary); Successful Implementation of a SSP Programme and an opportunity to see a Little Wandle phonics session (Harpur Hill Primary); Meeting the needs of SEND pupils in phonics lessons and an opportunity to see a Sounds Write phonics session (Elmsleigh Infant and Nursery).

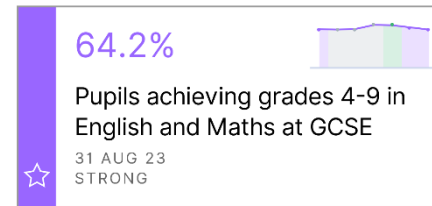
Key stage attainment outcomes for 2023 have become available at various points throughout the year. 2023 data for the percentage of pupils reaching the required standard in Phonics (79%) show that Derbyshire's performance is again in line with the national average maintaining performance within the lower middle national quartile. This continues improvement from bottom quartile performance in 2019 and we have improved our national ranking by 11 places compared to last year. Data for 2023 also shows that the gap between disadvantaged Derbyshire pupils achieving the expected standard in phonics and non-disadvantaged pupils nationally (16.7%) has narrowed compared to 2022 when the gap was 18.7 percentage points.



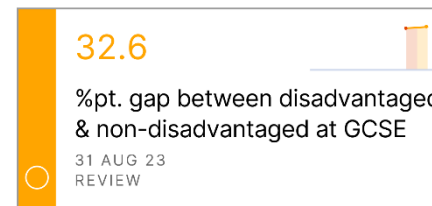
2021-2022	75.0%
2022-2023	78.5%
Target	79.0%
Performance	✔ Good
National Benchmark	78.9%



2021-2022	18.7
2022-2023	16.7
Target	18.7
Performance	★ Strong
National Benchmark	16.1



2018-2019	65.4%
2019-2020	72.2%
2020-2021	71.6%
2021-2022	67.8%
2022-2023	64.2%
Target	60.5%
Performance	★ Strong
National Benchmark	60.5%



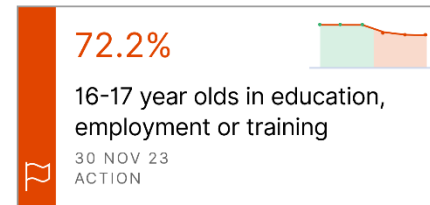
2021-2022	31.6
2022-2023	32.6
Target	31.6
Performance	⦿ Review (Action in Q2)

2023-24 data and targets are for the academic year to Aug-2023

Provisional data for the proportion of pupils achieving a standard pass (grades 4-9) in English and Maths at GCSE (KS4) of 64.2% meets the target of maintaining an outcome significantly better than national figures (60.5%). However, the provisional gap has widened between disadvantaged pupils in Derbyshire and non-disadvantaged pupils nationally from 31.6 percentage points in 2022 to 32.6 percentage points this year. The target this year was to narrow the gap with national figures. With regard to the comparison of GCSE outcomes over time, the Department for Education suggest the most meaningful comparison is between results in 2019 and results in 2023, since the methodology used to award grades in 2023 is closest to that used in 2019.

The percentage of 16 to 17 year olds in education, employment or training for the 3 months of September, October and November 2023 is 72.2%. This is inline with the same time last year (72.7%). The target this year is to maintain performance within the top quartile nationally. Performance is below the national figure (78.5%) and the outcome for East Midlands (83.6%) as it usually is at this point of the year. This indicator has a strong seasonal pattern with young people's activity status needing to be established at the start of every academic year (September) which is a significant task for large authorities like Derbyshire as the definitive position for every 16-17 year old in the county needs to be established. Performance is in-line with the same time last year when top quartile performance was achieved by the time the annual 3 month snapshot was taken (December, January and February). The latest available figure for the 3 months of November, December and January is 93.4%. This is above the national figure of 91.0% and the outcome for East Midlands (92.5%) and is currently within the top quartile nationally.

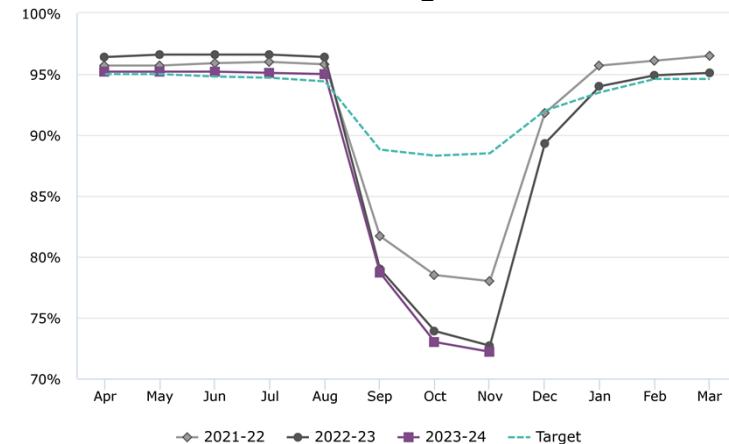
This deliverable had an expected completion date of 30 June 2023. It is clear now that pupils could be catching up on learning for a considerable period of time. We will continue to report outcomes for this deliverable until the end of this financial year. Activity and outcomes will subsequently be tracked under business as usual education improvement support. ([Return to 'Catch up on learning' summary](#))



2020-2021	95.5%
2021-2022	96.5%
2022-2023	95.1%
2023-2024	72.2%
Target	88.5%
Performance	Action (Good in Q2)
National Benchmark	78.5%

2023-24 data and target are for a 3 month average to Nov-2023

16-17 year olds in education, employment or training



Develop the Local Nature Recovery Strategy for Derbyshire in accordance with the Environment Act 2021, for the coordinated benefit of Derbyshire's natural environment

Rating: Good (Review in Q2) Expected completion date: 21 Dec 2023

Good progress is being made towards the Local Nature Reserve Strategy (LNRS) for Derbyshire:

The council's Local Nature Recovery Strategy (LNRS) website has been set up and contains mapping information, the public information memorandum that explains why the preparation of an LNRS is important for Derbyshire, and links to the Cabinet report for public viewing;

This quarter has seen the successful recruitment of an LNRS Officer who is due to start in January 2024, and a new role to fill the position of the LNRS Steering Group Chairperson will be advertised during 2024;

Constructive discussions with Derbyshire's District and Borough Councils have taken place this quarter;

The LNRS conference on 29 January 2024 will be attended. ([Return to 'Nature Recovery Strategy' summary](#))

Deliver a £47 million Bus Service Improvement Plan in partnership with Derbyshire bus operators and establish a 3-year programme to develop and improve bus frequency, connectivity, usage and affordability

Rating: Good

Expected completion date: 31 Mar 2025

Key areas of progress this quarter include:

- First 120 sites to receive Traffic Signal Priority have been assessed. Split Cycle Offset Optimisation Technique (SCOOT) technology infrastructure installed in all areas except one requiring further infrastructure work, to enable optimisation of traffic signals and traffic flows.
- First Pinch Point Infrastructure site completed in Chesterfield.
- Introduction of the £1.50 flat fare scheme for young people aged 11-19 with a b_line card for any single bus journey which starts or finishes in Derbyshire or Derby City regardless of the distance travelled including cross boundary journeys.
- Marketing campaign signposting b_line discount to Young People.
- Improvements to seven different bus services across the county including increasing the frequency of services, additional evening and weekend journeys and extending routes to serve new areas.
- Travel Derbyshire brand, logo and visual identity established by the Enhanced Partnership Board.
- Transport Hub work commenced in Heanor, Bamford and Hayfield.
- Agreed five bus service timetable change dates in conjunction with adjacent authorities to take effect from March 2024.
- Attendance by Bus Champions at 11 events around the county promoting Bus Travel with over 628 individuals being spoken to and 416 people receiving bus travel advice.
- A tender was put to market for an interim Travel Derbyshire Website.

([Return to 'Bus Service Improvement Plan' summary](#))

Refresh and implement our approach to increasing levels of inward investment into the county

Rating: Good

Expected completion date: 31 Mar 2024

The council's Inward Investment service continues to promote Derbyshire's investment opportunities. The 'Invest in Derbyshire' and 'Derbyshire Public Property Search' websites, together with our branded social media platforms, have been actively marketing the county's key development sites and commercial land/ property availabilities.

Eleven new enquiries have been received and handled in Quarter 3. The interest came from UK businesses and foreign investors in the manufacturing, retail, green tech and office accommodation industries. A demand for freehold land and sites with mid-size industrial units has continued its upward trend. Ongoing support has been provided to businesses expanding their operations in the county.

Both existing and newly received enquiries demonstrate a great potential to boost inward investment and create a significant number of new jobs across the county within the next 3 years.

Submit the planning application and continue to progress proposals for the Chesterfield to Staveley Regeneration Route, which will create new homes and jobs for the area

Rating: Action Expected completion date: 31 Mar 2025

Activity on the project is currently paused pending a decision from Government on the Outline Business Case, which was submitted in January 2023. Some clarification questions were received in late December 2023, which may lead to an outcome in the near future. ([Return to 'Chesterfield to Staveley Regeneration Route' summary](#))

Finalise and implement a new Digital Strategy for Derbyshire, including support for the roll out of gigabit technology

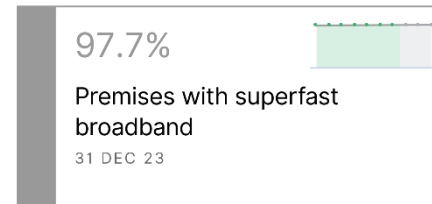
Rating: Good Expected completion date: 31 Mar 2024

The Digital Strategy and Action Plan have now been finalised.

It is planned that a report will be put before Cabinet in February 2024 pending budget confirmation.

The Project Gigabit regional supplier (Type B) contract has been awarded to Connect Fibre and will benefit over 17,000 homes. The local supplier (Type A) to be awarded in later January.

Currently 97.7% of properties have access to superfast broadband.



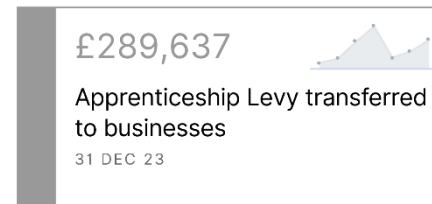
2021-2022	96.9%
2022-2023	97.3%
2023-2024	97.7%
Target	Not set

Targets will be set when the programme of gigabit support is confirmed. 2023-24 data is for the year to Dec-2023

Continue to work 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 2024


During Quarter 3 nine apprenticeships within seven Small and Medium Enterprises (SMEs) have been formally supported by the council's Apprenticeship Levy. The apprenticeships supported this quarter have been in the Engineering, Automotive and Early Years sectors. This is slightly behind forecast, this is due to twelve apprenticeships across seven SMEs still being in the negotiation stage and until formal confirmation of the apprenticeship going ahead it is not appropriate to include these in Quarter 3 figures. At the end of Quarter 3 a total of £289,637 of the council's Apprenticeship Levy has been transferred to businesses. The cost of each



2022-2023	£428,630
2023-2024	£289,637
Target	Not set

2023-24 data is for the year to Dec-2023

apprenticeship differs in terms of type of course and the age of the apprentice and so no target has been set for performance on Levy spend. ([Return to 'Apprenticeships in key economic sectors' summary](#))

 **Work with partners to finalise the regional response to the Integrated Rail Plan, including a refreshed HS2 Growth Strategy, an action plan to prepare for Midland Mainline electrification and implementation of Restoring Your Railways programme**

Rating: Good

Expected completion date: 31 Mar 2025

The Integrated Rail Plan has been superseded by the Government's Network North announcement in October 2023 which removed both the HS2 eastern and western legs from the delivery pipeline for HS2. The Network North publication includes a transfer of HS2 funding to other infrastructure projects across the North and Midlands. Network North confirms future funding for Barrow Hill Rail Line and Ivanhoe Rail, subject to approval of Restoring Your Railways (RYR) business cases. It also sets out a new project to electrify the Hope Valley Line between Manchester and Sheffield to reduce journey times. Network Rail is continuing to develop the Outline Business Case (OBC) for the Barrow Hill Line under the RYR programme towards a decision by the Department for Transport (DfT) programme board to move to Full Business Case (FBC) in September 2024. During Quarter 3, the council and Chesterfield Borough Council also came to agreement with Government to retain Staveley Town Deal funding to provide higher quality station facilities at Barrow Hill station. Network Rail is also working to complete the OBC for the Ivanhoe Rail Line and is targeting a DfT programme board decision to move to FBC in April 2024. The milestone for completion of the OBC has moved from Quarter 3 to end of January 2024 to reflect changes in platform design. The council continues to engage in pre-design liaison with Network Rail about the future Midland Mainline electrification work programme in Derbyshire.

 **Deliver the Derbyshire Cultural Framework to support the creative and cultural sectors to become more resilient, grow and capitalise on new opportunities**

Rating: Review

Expected completion date: 31 Mar 2024

Derbyshire Makes is the core project for delivering interventions across all five pillars of the Cultural Framework. All non-contracted development work on Derbyshire Makes was paused from Sept -Nov whilst the implications of budget pressures were assessed, and in particular the £1million set aside in the Cultural Recovery Reserve to support delivery of the framework. Approvals to progress Derbyshire Makes have now been granted, with £0.415m of the Cultural Recovery Reserve committed. Project delivery has been reprofiled for an April 2024 start, to accommodate delays incurred.

Wider delivery of the Cultural Framework will be restricted, as the residual £0.585m of the Cultural Recovery Reserve will be returned as part of the wider council budget savings proposal. ([Return to 'Derbyshire Cultural Framework' summary](#))

- ✔ **Work with partners towards the production of a Development Framework that provides a positive unified vision for the Derwent Valley Mills World Heritage Site (DVMWHS), that highlights development possibilities, and identifies the infrastructure that is needed to release the site's potential**

Rating: Good (Review in Q2) Expected completion date: 31 Mar 2024

The Executive Director of Place and the Head of Conservation, Heritage and Design have met with the CEOs and relevant Members of Derby City Council, Amber Valley Borough Council, Derbyshire Dales District Council and Erewash Borough Council to discuss, and gauge the level of support, for the production of a Derwent Valley Mills World Heritage Site Development Framework. There was a high level of support for the production of a Development Framework. It is hoped that this work can be forwarded in collaboration with the emerging Combined Authority and the DVMWHS Coordination Team is currently working on an outline proposition to present to the new Mayor for the CA once elections have taken place.

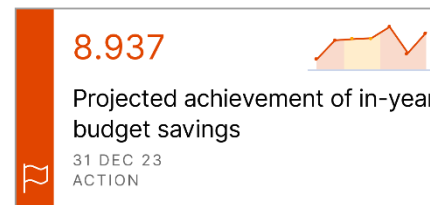
Overarching Measures

Budget savings

The combined departmental budget savings target for 2023-24 is £16.190m with a further £12.038m of unachieved savings brought forward from previous years. Of the in-year savings target, £8.937m is forecast to be achieved.

Departmental reserves and other one-off compensatory efficiencies have been employed to mitigate the in-year impacts.

The Council continues to review planned savings initiatives and explore, and implement, opportunities for further or alternative in-year efficiency measures to offset the ongoing budgetary pressures. ([Return to 'Budget Savings' summary](#))



2022-2023	£7.557m
2023-2024	£8.937m
Target	£16.190m
Performance	Action

2023-24 data and target are the year end projections as at Dec-2023

Residents' survey measures

A short 'Pulse Survey' of residents was carried out in Summer 2023. The Pulse Survey asked key questions from the Council's main annual Your Council Your Voice (YCYV) residents survey, to enable better understanding of residents' perceptions and comparison with the Local Government Association (LGA) Residents Survey carried out during June 2023.

The results from the Pulse Survey for the overarching measures contained in the Council Plan remain similar to those from the main YCYV survey carried out in Autumn 2022. The survey received just over 3,100 responses, compared to the previous YCYV response figure of 2,400, with results as follows:

- Residents who are satisfied with the council, 43.2% compared to 43.6% in the YCYV survey and below the target of 58%;
- Residents informed about Council decisions, 37.2% compared to 41.5% in the YCYV survey and below the target of 52%;
- Residents agreeing the Council gives value for money, 30.2% compared to 30.3% in the YCYV survey and below the target of 43%.

The 2023 YCYV survey has now been undertaken, and results will be reported as part of the Quarter 4 Council Plan Performance Report. Moving forwards, a key focus for the council will be customer experience, understanding the residents' voice and work to improve residents' satisfaction. ([Return to 'Residents' survey measures' summary](#))



2021-2022	42.3%
2022-2023	43.6%
2023-2024	43.2%
Target	58.0%
Performance	Action
National Benchmark	46.0%



2021-2022	42.7%
2022-2023	41.5%
2023-2024	37.2%
Target	52.0%
Performance	Action



2021-2022	29.3%
2022-2023	30.3%
2023-2024	30.2%
Target	43.0%
Performance	Action
National Benchmark	62.0%

2023-24 data is for the latest survey in Jun-2023; targets are for the full year 2023-24






Notes

This report set out progress on deliverables and key measures as outlined in the Council Plan 2023-25. The following table lists the deliverables and measures not included in this report, or where changes have been made:

Measures	Reporting
Measures indicating the effectiveness of the Council’s new Equality, Diversity and Inclusion Strategy	Measures to indicate the impact and progress of the strategy are currently being identified and will be included in future reporting.

Occasionally key measures data reported in a previous quarterly report may be updated. Data may be updated for a variety of reasons, for instance updates to provisional data, where additional data is submitted after the report has been produced, or identification and resolution of data issues. Significant changes to data will be highlighted in the commentary.

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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FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

19 March 2024

Report of the Director of Finance & ICT

Performance and Revenue Budget Monitoring 2024/25

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 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 (dated April 2023) concluded that Budget Monitoring arrangements are embedded and generally operating effectively.
- 2.6 Following a review of the Policy in March 2024, the following changes have been made:
- The Performance Monitoring section has been updated to reflect the new approach to integrated Strategic Planning.
 - The policy now includes the requirement for monthly updates (from Period 2 onwards) to Corporate Management Team covering the latest revenue budget forecasts and progress with delivery of budget savings.
 - 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, and additional lines added to provide further clarity on expectations..

Report Format

- 2.7 It should be noted that the format of the performance and budget monitoring reports at portfolio level and to Cabinet is being reviewed. The reporting template included in appendix 2 reflects current reporting but may be subject to change. Any proposed changes to the reporting format will be agreed with Cabinet members.

3. Alternative Options Considered

- 3.1 N/A – the Council is required to outline its forecast revenue outturn and performance position to ensure compliance with good financial and performance management principles and to support the development of short and medium-term service and 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 Regular monitoring of financial performance and forecasts is a key component of sound financial management. The budget monitoring arrangements set out in this report are intended to ensure that budget monitoring and forecast arrangements are robust and information is provided to officers and members on a timely basis.

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's 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 2024-25



March 2024

Performance Monitoring

As part of a new approach to integrated Strategic Planning, designed to achieve a closer integration of service and financial planning, the council has identified in the Council Plan a set of Strategic Objectives which describe the key activity the council must deliver in the year to achieve its Ambition and five key Outcomes. A set of key measures are also identified in the Plan to demonstrate effectiveness and impact.

The Strategic Objectives are plotted against an annual timeline and this is represented as a Base Plan, enabling a single overview of key activity throughout the year to be created. The Base Plan will be used to present and track the council's performance in achieving the Strategic Objectives, supporting a better understanding of the overall progress the council is making and enabling a stronger strategic focus on any key areas of underperformance. Commentary on progress on the Strategic Objectives and key measures will be supplied by departments and will highlight any key areas of success or areas for consideration as well as actions being undertaken or planned to address any performance issues.

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 support the monitoring of these budgets and to supply 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 2 (May). Monthly updates will be taken to Corporate Management Team to review the latest revenue budget forecasts and progress with delivery of savings.

A risk based approach to budget monitoring can be undertaken, providing all areas are reviewed quarterly as a minimum. Higher risk, more volatile budget areas within each department must be monitored on a monthly basis, 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. 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, and progress with the delivery of savings targets. 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
P2	May 2024	w/c 17 June 2024
P3 (Q1)	Jun 2024	w/c 15 July 2024
P4	Jul 2024	w/c 19 Aug 2024
P5	Aug 2024	w/c 16 Sep 2024
P6 (Q2)	Sep 2024	w/c 14 Oct 2024
P7	Oct 2024	w/c 18 Nov 2024
P8	Nov 2024	w/c 16 Dec 2024
P9 (Q3)	Dec 2024	w/c 20 Jan 2025
P10	Jan 2025	w/c 17 Feb 2025
P11	Feb 2025	w/c 17 Mar 2025 (If required)
Outturn (Q4)	Mar 2025	TBC – Late April/early May 2025

The Executive Director for each department also has a regular 'One to One' 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.

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), 9 (Q3) and 12 (Q4).

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 2024	End July 2024	Early August 2024	12 September 2024
6 (Q2) - September 2024	End October 2024	Early November 2024	5 December 2024
9 (Q3) - December 2024	End January 2025	Early February 2024	13 March 2025
12 + Year End (Q4) Outturn March 2025	End May 2025	Early June 2024	3 July 2025

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	<ul style="list-style-type: none"> • Detailed monitoring including a statement of over/underspend • A reconciliation of budget to plan version 'C' • Controllable totals agreed to ledger
---------------	--

	<ul style="list-style-type: none"> • All budget virements included to agree plan version 'C' with Council budget • All significant variances identified and explained • All use of earmarked reserves to support general spending must be clearly identified and approved by Section 151 Officer • 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	<ul style="list-style-type: none"> • Summary of monitoring e.g. risk areas • Statement of assurance that there is no material deviation from the previously reported forecast
Period 12	<ul style="list-style-type: none"> • 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.

Detailed Timetable of Performance and Budget Monitoring Arrangements

Reporting Period	P3 (Q1)	P6 (Q2)	P9 (Q3)	P12 (Q4)
Departmental Budget & savings delivery forecasts data updated by Departments	09-Jul-24	08-Oct-24	14-Jan-25	29-Apr-25
Performance Measure & Deliverable Progress data updated by Departments	12-Jul-24	11-Oct-24	17-Jan-25	02-May-25
Portfolio based budget & Savings Delivery data updated by Departments	12-Jul-24	11-Oct-24	17-Jan-25	02-May-25
Departmental Finance Monitoring Meetings with DoF	15-Jul-24	14-Oct-24	20-Jan-25	05-May-25
Finance & Savings Delivery Dashboard to CMT	16-Jul-24	15-Oct-24	21-Jan-25	06-May-25
Performance Report to CMT	23-Jul-24	22-Oct-24	28-Jan-25	13-May-25
Departmental Finance & Performance Meetings with MD	22-Jul-24	21-Oct-24	27-Jan-25	12-May-25
Finance & Performance portfolio reports drafted & circulated to ED/Finance/Legal for review	19-Jul-24	18-Oct-24	24-Jan-25	09-May-25
ED/Finance/Legal review of portfolio reports complete	26-Jul-24	25-Oct-24	31-Jan-25	16-May-25
Finance & Performance portfolio reports released to Cabinet members	30-Jul-24	29-Oct-24	04-Feb-25	20-May-25
Portfolio Member Meetings	05-Aug-24	04-Nov-24	10-Feb-25	26-May-25

APPENDIX A

Cabinet Finance & Performance Reports - Final Draft for MD/ED/DoF & Legal Review	13-Aug-24	05-Nov-24	11-Feb-25	03-Jun-25
MD/ED/DoF & Legal review of Cabinet reports complete	19-Aug-24	11-Nov-24	17-Feb-25	09-Jun-25
Cabinet Report on CMT Agenda	20-Aug-24	12-Nov-24	18-Feb-25	10-Jun-25
Release for Cabinet Briefing	22-Aug-24	14-Nov-24	20-Feb-25	12-Jun-25
Final Reports Release	03-Sep-24	26-Nov-24	04-Mar-25	24-Jun-25
Cabinet Meeting	12-Sep-24	05-Dec-24	13-Mar-25	03-Jul-25
Full Council Meeting	09-Oct-24	12-Feb-25	26-Mar-25	09-Jul-25

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".

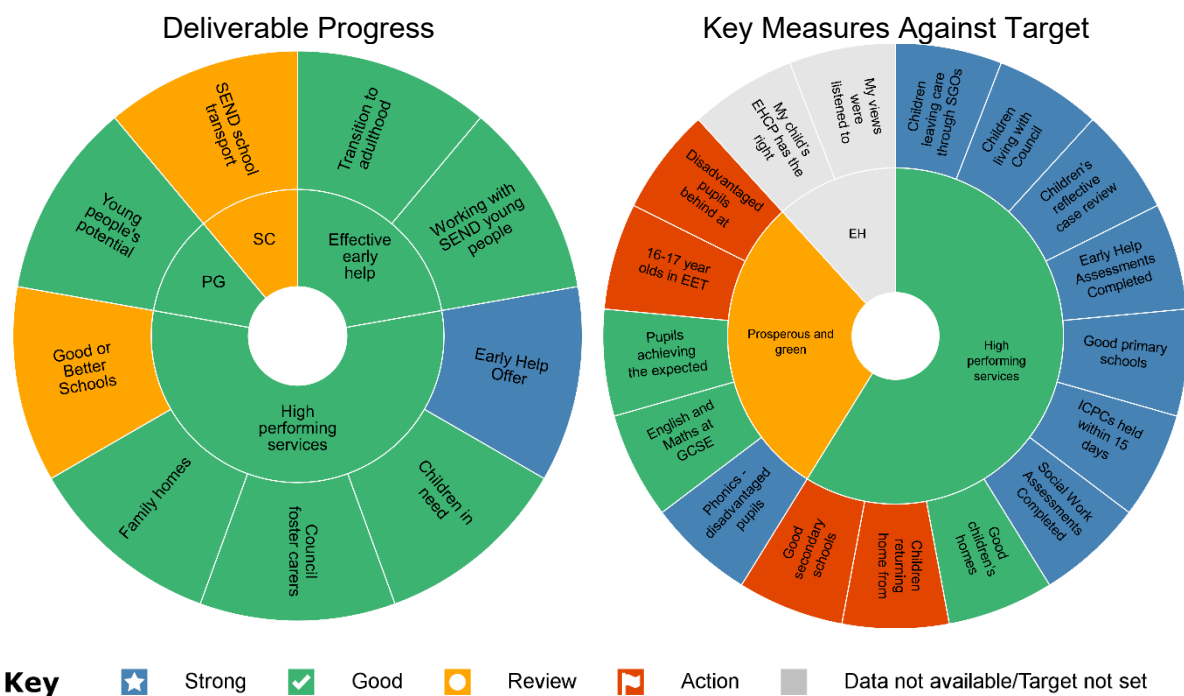
APPENDIX B

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



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

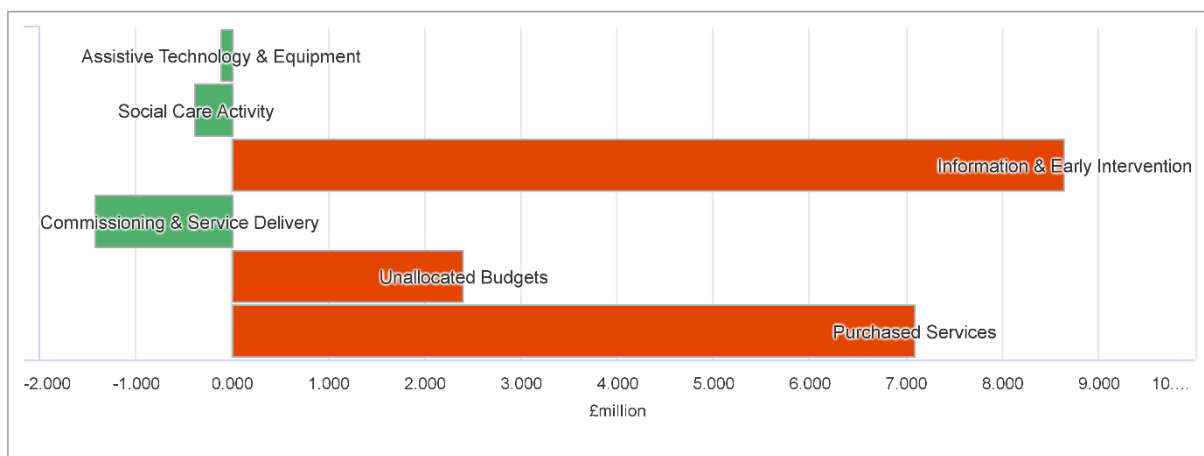
4.14 The significant areas which make up this forecast are shown in the table and graph below:

APPENDIX B

<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>

APPENDIX B

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
- ▼ Reserve has decreased over the quarter

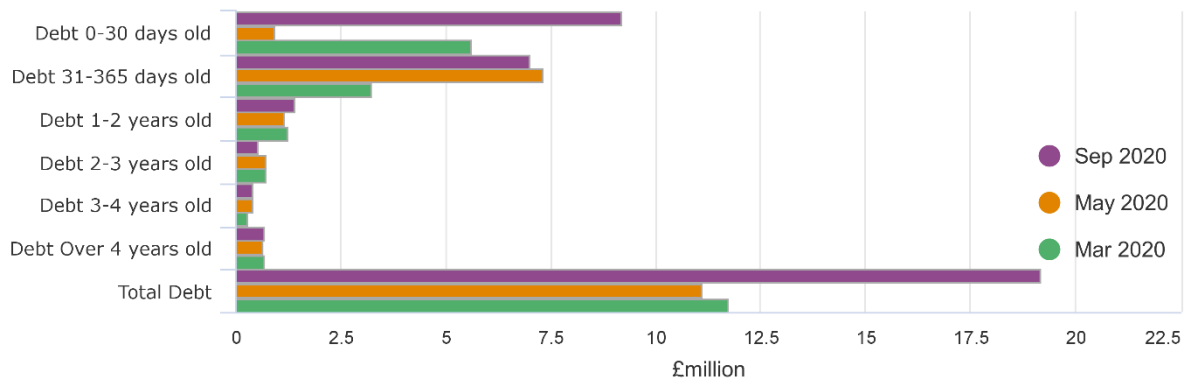
Debt Position

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	31-365 days	1-2 years	2-3 years	3-4 years	Over 4 years	Total
£m	£m	£m	£m	£m	£m	£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%

Aged Debt over Time



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:

Service Area	Trading Area	A Projected Gross Controllable Expenditure* £m	B Projected Gross Controllable Income £m	B - A 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:

<Name 1>

<Name 2>

Contact details:

<contact details 1>

<contact details 2>

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.

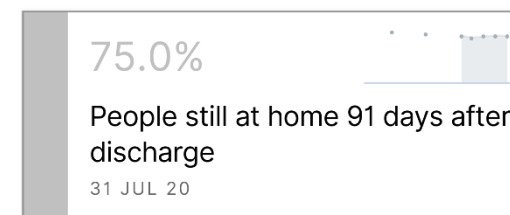
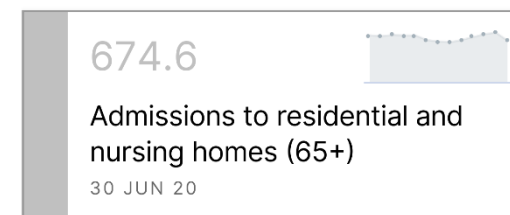
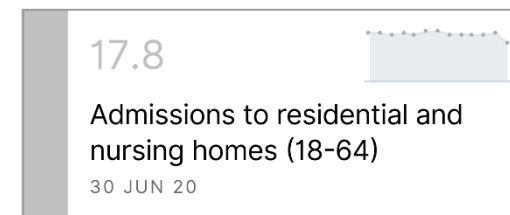
A focus on prevention and early intervention

✔ 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% .

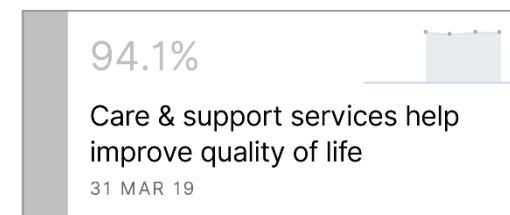
The admissions figures shown for the first quarter of 2020/21 are lower than previous years. It is anticipated that these figures will increase slightly, but will remain less than previous years. It is not currently possible to state with absolute certainty why this figure is lower, but highly likely 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.



🟡 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.



APPENDIX B

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

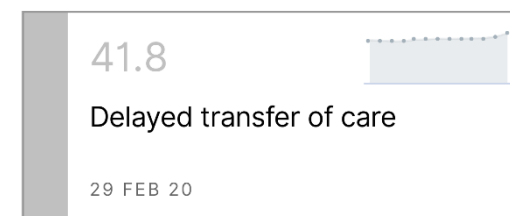
Proposals on the next steps for Assistive technology have been reviewed in line with the Council's wider transformation and the future model for AT is being developed using models from other Councils and learning from diagnostic report. The Brain in Hand pilot has been reviewed and we are currently working 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.

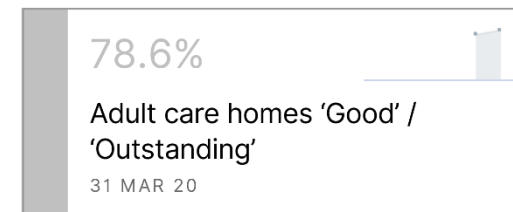
National publication of data has been suspended since February due to the impact of Covid-19.



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



Key Strong Good Review Action Data not available/Target not set

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Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

19 March 2024

Report of the Director of Finance & ICT

Local Audit Delays - DLUHC Proposals Update and Consultation Response

1. Purpose

- 1.1 To provide Audit Committee with a summary of Department of Levelling Up, Housing and Communities (DLUHC) proposals to address local audit delays and to advise Audit Committee of the Council's response to the associated DLUHC Consultation.

2. Information and Analysis

Background

- 2.1 The backlog in the publication of audited accounts of local bodies in England has grown to an unacceptable level.
- 2.2 The number of outstanding opinions peaked at 918 on 30 September 2023. As at 31 December 2023, the backlog of outstanding audit opinions stood at 771.

2.3 In July 2023, the Minister for Local Government published a cross-system statement, setting out proposals to tackle the local audit backlog. Since then, organisations involved in the regulation and oversight of local body financial reporting and audit ('system partners') have been working collectively to agree a proposed solution to clear the outstanding historical audit opinions and ensure that delays do not return.

Addressing the Audit Backlog

2.4 To clear the backlog of historical accounts and 'reset' the system, DLUHC proposes putting a series of dates in law (the 'backstop dates'), by which point local bodies would publish audited accounts for all outstanding years.

2.5 These proposals for addressing the audit backlog and embedding timely audits have been published for consultation. The proposals consider:

- DLUHC's intentions for amending the Accounts and Audit Regulations, including a joint statement providing context and explanation of the proposals and how their various elements are intended to interact. The DLUHC Consultation commenced on 8 February 2024 and concluded on 7 March 2024 and is referred to in paragraphs 2.13 to 2.14. The Council has considered and has responded to this Consultation.
- National Audit Office (NAO) intentions for amending the Code of Audit Practice. The NAO Consultation commenced on 8 February 2024 and concluded on 7 March 2024 and is referred to in paragraph 2.15. This Consultation is aimed at auditors.
- CIPFA LASAAC proposals for temporary changes to the Accounting Code, to reduce burdens on those who prepare and audit local body accounts. This Consultation has not been issued at the time of writing, but proposals are expected to include the matters referred to at paragraph 2.16.

2.6 The proposed DLUHC measures consist of three phases, which are summarised below and are set out in more detail in paragraphs 2.7 to 2.12:

- **Phase 1: Reset** - legislating for a statutory backstop date for the publication of audited financial statements, up to and including the financial year 2022-23. Auditors will be required to issue opinions based on the work they have completed by the backstop date – which may lead to a modified or qualified opinion – and are expected to prioritise to ensure that their audit work provides as much assurance as possible ahead of the date.
- **Phase 2: Recovery** - a series of statutory backstop dates, covering the financial years 2023-24 to 2027-28, to allow auditors to rebuild assurance over a five-year period of local bodies' financial information, which has been subject to a modified opinion as part of the reset. To reduce burdens on preparers and auditors, CIPFA will make temporary changes to the Code of Practice on Local Authority Reporting.
- **Phase 3: Reform** - the Financial Reporting Council (FRC), alongside DLUHC and other system partners, will continue to work to address systemic challenges in the local audit system and embed timely financial reporting and audit.

Phase 1: Reset

2.7 The key elements within the proposal are as follows:

- The backstop dates will be deadlines by which authorities must publish audited accounts, and auditors would be required to issue an opinion based on the work they have been able to complete, to enable authorities to meet the publication deadline. The proposed date for accounts for financial years up to 2022-23 is 30 September 2024.
- Auditing standards already provide for the impact of backstop dates. System partners will provide clear explanations of what the different types of audit opinions mean, especially to clarify that modified/disclaimed opinions attributable to the backstop date do not necessarily indicate significant financial reporting or financial management issues in the audited body.
- Reporting on Value for Money (VFM) arrangements will remain a high priority, focusing on enabling auditors to produce a single commentary on VFM arrangements covering all outstanding periods for 2022-23 and earlier years.

- There are expected to very limited exemptions (if any) for either authorities or auditors.
- The Government will publish a list of local bodies and their auditors which do not meet the backstop date.

2.8 There do not appear to be any minimum expectations for the work that auditors would need to carry out at individual authorities, so providing a minimum level of assurance provided by the auditor. The Joint Statement promises an expectation that auditors will complete as much audit work as possible by the backstop date. The promise is also made that the NAO, working with the FRC, will produce statutory guidance and any additional advice needed to ensure the reset works as intended.

Phase 2: Recovery

2.9 The acknowledged problem of the Phase 1 Reset phase is that for, authorities impacted by the backstop, auditors will not have the assurance from closing balances that would normally support opening balances for 2023-24. Auditors will therefore need to perform sufficient testing on opening balances to rebuild assurance.

2.10 To prevent this recovery work causing delays to future audits, the proposals involve further backstop dates for all years up to and including 2027-28, in consideration that recovery work may take a number of years as modified opinions/disclaimers are rolled forward. The backstop dates within the Phase 2 Recovery phase are proposed as follows:

- 2023-24: 31 May 2025
- 2024-25: 31 March 2026
- 2025-26: 31 January 2027
- 2026-27: 30 November 2027
- 2027-28: 30 November 2028

2.11 For VFM arrangements, it is proposed that the Audit Code identifies that the auditor's Annual Report is issued in draft to those charged with governance by 30 November each year (from 2023-24 onwards), irrespective of the position on the audit. This will enable auditors to report the majority of the VFM arrangements work on a timely basis.

Phase 3: Reform

2.12 There are no firm proposals put forward at this stage for Phase 3, but commitments are made in the following areas:

- The Government remains committed to establishing the Audit, Reporting and Governance Authority as system leader for local audit when Parliamentary time allows.
- CIPFA LASAAC are to look at long-term reforms to financial reporting based on the needs of accounts users.
- HM Treasury will shortly be setting out the outcome of a thematic review into the valuation of non-investment assets.
- The FRC intends to publish its Local Audit Workforce Strategy during 2024, including plans to increase the supply of suitably skilled auditors, including changes to Key Audit Partner requirements.
- The Government has successfully procured the development of a Local Audit Qualification, which will shortly be launched by CIPFA.
- CIPFA and the Local Government Association are working on a workforce strategy for local government finance teams.

DLUHC Consultation on Accounts and Audit Regulations Amendments

2.13 The DLUHC Consultation proposals identify that the Accounts and Audit Regulations will need to be amended, to ensure that statutory dates for the publication of the audited accounts are set at the backstop dates for the proposed financial years 2023-24 to 2027-28 (as referred to in paragraph 2.10). The duty of the Section 151 Officer to re-confirm the statement of accounts as presenting a true and fair view, and the requirement for Member approval will remain in place.

2.14 The Director of Finance & ICT submitted the Council's response to the DLUHC Consultation ahead of the deadline for responses, which was 7 March 2024, following consultation with the Chair of the Audit Committee. A copy is attached at Appendix Two.

NAO Consultation on the Audit Code Amendments

2.15 The NAO Consultation on the associated Audit Code amendments, aimed at auditors, focused on:

- Establishing the duty to issue an annual audit report by 30 November each year, referred to in paragraph 2.11.
- Arrangements for VFM work for Phases 1 and 2.

CIPFA LASAAC Consultation on the Accounting Code Amendments

2.16 To reduce burdens on preparers, CIPFA LASAAC will consult on three temporary changes to the Accounting Codes for 2023-24 and 2024-25. It is expected that they will consider:

- Extending the override relating to the measurement and disclosure requirements for infrastructure assets.
- Simplifying the revaluation of operational property to permit the use of indexation (until new requirements for revaluation of operational property are introduced in 2025-26 following HM Treasury's thematic review).
- Reducing the requirements for disclosures around net defined benefit pension liabilities/assets for two years, to align with the simplified requirements in FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*.

Council's Position

2.17 The Council is well placed with regard to the DLUHC proposals, when compared with many other local authorities.

2.18 The Council has received external audit opinions for all previous years except for 2022-23. The Council's 2022-23 accounts are therefore the only accounts potentially directly subject to the Phase 1 backstop date proposal of 30 September 2024. The Council's external auditors, Mazars, presented draft completion reports in respect of their 2022-23 audit at the Audit Committee meeting on 30 January 2024. It is anticipated that the audit will be completed, and the accounts published, well before the backstop date.

2.19 DLUHC is proposing to extend the 2023-24 statutory deadline (backstop date) for audited accounts to 31 May 2025. The Council has received confirmed 2023-24 final audit dates for July/August 2024, with an audit completion phase set for September 2024, from the external auditor. The Council and external auditor are currently therefore working to achieve the existing statutory deadline of 30 September 2024 and it is therefore anticipated at the present time that audit resources will not be redirected, away from the Council's 2023-24 audit, to fulfil backstop duties elsewhere within the system (this will be confirmed with the external auditor in due course).

3. Consultation

3.1 No consultation is required.

4. Alternative Options Considered

4.1 N/A. It is prudent and responsible practice to bring to Audit Committee's attention DLUHC's proposals to address local audit delays, which will impact on the Council's accounts and audit procedures, to respond to the associated DLUHC Consultation and to provide that response to Audit Committee.

5. Implications

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

6. Background Papers

6.1 The DLUHC consultation and Joint Statement is available at: www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england-consultation.

6.2 The NAO consultation information is available at: www.nao.org.uk/code-of-audit-practice-consultation.

7. Appendices

7.1 Appendix One – Implications.

7.2 Appendix Two – DLUHC Consultation Response.

8. Recommendation

That Audit Committee:

- 8.1 Notes the summary provided on DLUHC's proposals to address local audit delays.
- 8.2 Notes the Council's response to the DLUHC Consultation seeking views on proposed legislative changes to the Accounts and Audit Regulations 2015, which would be required to implement DLUHC's proposals.

9. Reasons for Recommendations

- 9.1 It is prudent and responsible practice to bring to Audit Committee's attention DLUHC's proposals to address local audit delays, which will impact on the Council, to respond to the associated DLUHC Consultation and to provide that response to Audit Committee.

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Implications

Financial

- 1.1 The Council is a 'Category 1' authority. The proposals in the DLUHC Consultation 'Addressing the local audit backlog in England' aim to address delays in the local audit system by introducing statutory 'backstop dates', by which audited Category 1 local authority accounts, for years up to and including the financial year 2027-28, must be published. It is proposed that the deadline for Section 151 Officer approved pre-audit accounts remains unchanged, at 31 May.
- 1.2 The Council's response to the DLUHC Consultation is included at Appendix Two to this report.

Legal

- 2.1 The DLUHC Consultation sets out proposed amendments to the Accounts and Audit Regulations 2015, in respect of the statutory publication dates for audited accounts, as summarised in paragraph 1.1 above and set out in paragraphs 2.7 (Phase 1) and 2.10 (Phase 2) in the main report.

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.

Consultation Response



Consultation on Addressing the Local Audit Backlog
FAO Elizabeth Parckar/Local Audit Team
Department for Levelling Up, Housing and Communities
Local Government Performance Division
Fry Building
2 Marsham Street
LONDON, SW1P 4DF

Mark Kenyon
Director of Finance & ICT
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Derbyshire DE4 3AH
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Ask for: Eleanor Scriven
Our ref: ES1MAR
Date: 1 March 2024

Dear Sir/Madam

Consultation - Addressing the Local Audit Backlog in England

The Council welcomes the opportunity to respond to the Addressing the Local Audit Backlog in England Consultation (Consultation), details of which were published on 8 February 2024.

The Council has responded to the formal Consultation questions and these are set out below.

Phase 1: 'Backstop' Proposals for Financial Years 2015-16 to 2022-23

Question 1: Notwithstanding the possibility of exemptions in exceptional circumstances (covered by questions 3 and 4 below), do you agree that Category 1 authorities should be required to have published audited accounts for all financial years up to and including financial year 2022-23 by 30 September 2024? (agree, disagree, unsure)

Agree.

Do you have any comments on this issue?

The Council agrees with the principle of a system reset. The setting of a backstop date of 30 September 2024, by which Category 1 authorities will be required to publish audited accounts for all financial years up to and including financial year 2022-23, will clear the backlog of historical audit opinions and will assist with the plan to restore timely audits.

The proposal to set the backstop date at 30 September 2024 reflects the need to ensure sufficient time for auditors to issue opinions, including modified or disclaimed opinions, due to the backstop, and for bodies to publish accounts containing those audit opinions once the legislation has come into force. The date also avoids peak periods of workload for local authority finance teams.

Question 2: Do you agree that the requirement at Regulation 10(2) for Category 1 authorities to publish a delay notice should be disapplied in relation to any outstanding audits covering financial years 2015-16 to 2022-23? (agree, disagree, unsure)

Agree.

Do you have any comments on this issue?

The Council agrees that it will be necessary to disapply the requirement to publish a delay notice for Category 1 authorities in respect of all financial years up to and including 2022-23, as, under the proposals, a delay beyond the backstop date will not be permitted in all but exceptional circumstances, as referred to in Question 3.

Question 3: Do you think it would be appropriate for Category 1 authorities to be exempt from the statutory backstop date of 30 September in circumstances where the auditor is unable to issue their opinion due to outstanding objections to the accounts that could be material to that opinion? (agree, disagree, unsure)

Agree.

Please explain your response.

The National Audit Office's consultation proposes that the Code of Audit Practice would introduce exemptions from the proposed statutory deadline for auditors of Category 1 authorities in certain circumstances, including, in this example, if the auditor is unable to issue its opinion where there are outstanding objections to the accounts that could be material to that opinion. The Council's view is therefore that it is entirely reasonable that where there is an outstanding objection of this nature, that an equivalent exemption is created for any affected Category 1 authorities.

Question 4: Do you think there would be any other exceptional circumstances which might create conditions in which it would be appropriate for Category 1 authorities to be exempt from the 30 September backstop date? (agree, disagree, unsure)

Unsure.

Please explain your response, including, where relevant, details of exceptional circumstances you consider would justify an exemption.

No further comments.

Question 5: We intend to publish a list of local bodies and audit firms which meet statutory deadlines for the publication of audited accounts and those which do not. Do you think there should be additional consequences for Category 1 authorities or audit firms (excluding an authority or firm covered by an exemption) if they do not comply with the statutory deadline of 30 September 2024? (agree, disagree, unsure)

Disagree.

Please explain your response and, where relevant, include any suggested consequences.

It is in the best interests of all Category 1 local bodies and audit firms to comply with the proposed backstop date of 30 September 2024, and the Council believes that local bodies and audit firms will do their best to meet this deadline. The Consultation states that it is DLUHC's intention to publish lists of those local bodies and audit firms who do not meet the deadline for publication of audited accounts, making it clear any instances where unaudited accounts had also not been published by the required date. The Council's view is therefore that it will be unnecessary to impose additional consequences in order to make these proposals a success.

Phase 2: 'Backstop' Proposals for the Recovery Period, Financial Years 2023-24 to 2027-28

Question 6: Notwithstanding the possibility of exemptions in exceptional circumstances (covered by questions 7 and 8 below), do you agree that Category 1 local authorities should be required to publish audited accounts for financial years 2023-24 to 2027-28 by the following dates (agree, disagree, unsure)?

2023-24: 31 May 2025

2024-25: 31 March 2026

2025-26: 31 January 2027

2026-27: 30 November 2027

2027-28: 30 November 2028

Agree.

Do you have any comments on these dates?

As explained previously, the Council agrees with the principle of a system reset, as outlined for Phase 1. The Council also agrees with the setting of further backstop dates for the publication of audited accounts during Phase 2, encompassing the following five years' audits after 2022-23. Allowing auditors the time to rebuild their assurance over a number of years, where it has been necessary to issue a modified or disclaimed opinion in Phase 1, or indeed in Phase 2, is a way to reduce the risk of a backlog re-emerging.

However, whilst the Consultation refers to the Phase 1 backstop date having been set at 30 September, so as to avoid peak periods of workload for local authority finance teams, such as budget and medium-term financial plan preparation, the Phase 2 dates do not appear to take this into account.

The Council is concerned that certain of these dates coincide with what are already peak periods of workload for local authority finance teams.

The 2023-24 backstop date of 31 May 2025 coincides with the statutory deadline for preparation of pre-audit accounts for 2024-25. Due to resource constraints, local authority finance teams already work significant additional hours over the accounts preparation period, particularly in May, to aim to publish pre-audit accounts in time to comply with the statutory deadline and will not have any spare capacity to address any preceding year queries during the audit completion phase before the backstop date.

Similarly, the 2024-25 backstop date of 31 March 2026 coincides with auditors' 2025-26 audit planning and interim work with local authority finance teams and planning for 2025-26 accounts preparation for those finance teams and the 2025-26 backstop date of 31 January 2027 coincides with local authority finance teams' budget and medium-term financial plan preparation and the associated reporting cycle.

To avoid heightening the risk of a further system reset being required, the Council would suggest changing those dates which present particular issues, as explained above. The Government may wish to consider extending Phase 2 by a year or so, to assist with the re-setting of the dates to avoid these issues.

Question 7: Do you think it would be appropriate for Category 1 authorities to be exempt from the statutory backstop dates for Phase 2 in circumstances where the auditor is unable to issue their opinion due to outstanding objections to the accounts that could be material to that opinion? (agree, disagree, unsure)

Agree.

Please explain your response.

As referred to in the Council's response to Question 3, the National Audit Office's consultation proposes that the Code of Audit Practice would introduce exemptions from the proposed statutory deadlines for auditors of Category 1 authorities in certain circumstances, including, in this example, if the auditor is unable to issue its opinion where there are outstanding objections to the accounts that could be material to that opinion. The Council's view is therefore that it is entirely reasonable that where there is an outstanding objection of this nature, that an equivalent exemption is created for any affected Category 1 authorities.

Question 8: Do you think there would be any other exceptional circumstances which might create conditions in which it would appropriate for Category 1 authorities to be exempt from the backstop dates for Phase 2? (agree, disagree, unsure)

Unsure.

Please explain your response, including, where relevant, details of exceptional circumstances you consider would justify an exemption.

No further comments.

Question 9: We intend to publish a list of local bodies and audit firms which meet statutory deadlines for the publication of audited accounts and those which do not. Do you think there should be additional consequences for Category 1 authorities or audit firms (excluding an authority or firm covered by an exemption) if they do not comply with the statutory deadlines for Phase 2? (agree, disagree, unsure)

Disagree.

Please explain your response and, where relevant, include any suggested consequences.

As referred to in the Council's response to Question 5, it is in the best interests of all Category 1 local bodies and audit firms to comply with the proposed backstop dates, and the Council believes that the local bodies and audit firms will do their best to meet these deadlines. The Consultation states that it is DLUHC's intention to publish lists of those local bodies and audit firms who do not meet the deadline for publication of audited accounts, making it clear any instances where unaudited accounts had also not been published by the required date. The Council's view is that it will therefore be unnecessary to impose additional consequences in order to make these proposals a success

As set out in Question 6, the Council does have some concerns with regard to the timing of the Phase 2 backstop dates, as some of these dates are preceded by, or coincide with, periods of peak workload for local authority finance teams, as set out. Already under-pressure local finance teams will experience further and significant competing demands if the dates remain unchanged. It would seem particularly unfair to impose additional consequences on local bodies, should they fail to comply, provided they have made every effort to do so.

Question 10: The Accounts and Audit Regulations 2015 (regulation 15(1)(a)) currently requires Category 1 local authorities to publish unaudited accounts by the 31 May following the end of the financial year. In light of the proposed deadlines for the publication of audited accounts, do you think the 31 May deadline remains appropriate for financial years 2024-25 to 2027-28? (agree, disagree, unsure)

Disagree.

Please explain your response.

DLUHC put in place revised regulations to extend statutory deadlines for 2019-20 to 2021-22 local authority accounts. The unaudited accounts were to be approved and published later than the usual 31 May deadline. The Council appreciated this recognition that local authority audit teams were under severe pressure as a result of the Covid pandemic and other factors. This extension was removed for local authority accounts from 2022-23.

The Council's view is that it is exceptionally challenging for resource-constrained local authority finance teams to meet a 31 May deadline for the publication of pre-audit accounts in the current accounting and regulatory climate. In recent years, developments in accounting standards have required disclosures which are far more involved and complex than in previous years. Teams' abilities to meet statutory deadlines have also been affected by national issues, which are arising with increasing frequency. They impact on local authorities' abilities to meet the pre-audit and audited accounts deadlines; initially causing delays, which have a knock-on effect on already very tight closure and audit timetables. Once a national resolution is agreed, they require additional time and work to understand and implement acceptable solutions.

The Council's view is that it would be far more realistic to set a permanent and meaningful deadline of 30 June, or 31 July, which local authority finance teams should be able to adhere to, provided other unforeseen matters do not occur. This should reduce the risk of a further system reset being required in the future.

Question 11: The existing annual deadline for the publication of unaudited accounts is 31 May. As set out above, we are proposing a backstop date for the publication of audited accounts for the financial year 2023-24 of 31 May 2025. This would mean that 31 May 2025 would be the statutory deadline for both the publication of audited accounts for financial year 2023-24 and unaudited accounts for financial year 2024-25. Do you expect this would create any significant issues? (agree, disagree, unsure)

Agree

Please explain your response.

The Council's view is that this will create significant issues for local bodies with 2023-24 accounts yet to be approved by the auditors. Please refer to the Council's response to Question 6, where this is addressed.

Question 12: The government anticipates that the Phase 1 backstop proposals will result in modified or disclaimed opinions. A modified or disclaimed opinion at the end of Phase 1 would require auditors to subsequently rebuild assurance. The Phase 2 backstop dates are intended to enable this work to be spread across multiple years. Given this additional work, and noting the further explanation at paragraphs 15 to 46 of the Joint Statement (<https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england-consultation/local-audit-delays-joint-statement-on-update-to-proposals-to-clear-the-backlog-and-embed-timely-audit>), do you have any views on the feasibility of audited accounts being published by the proposed statutory backstop dates for Phase 2?

The Council is fully supportive of the introduction of backstop dates to reset the local audit system and acknowledges that auditors will, in some cases, need to issue modified or disclaimed audit opinions, in order to meet those backstop deadlines.

The Council agrees with the proposal that system partners will provide clear explanations of what the different types of audit opinions mean, especially to clarify that modified/disclaimed opinions attributable to the backstop date do not necessarily indicate significant financial reporting or financial management issues in the audited body. This will avoid any misconception as to why they have been issued and should prevent those local authorities affected being unfairly singled out for public blame.

However, the Council wishes to re-emphasise the point raised in its response to Question 6, that imposing backstop dates at difficult times will mean that authorities will in some instances struggle to comply, despite their best efforts, depending on their local workload circumstances and competing priorities.

Re-phasing of traditional annual audit periods will clash with other peak periods of workload and challenge in the annual cycle for the key local authority finance teams involved, such as the preparation and production of annual revenue budgets and Council Tax setting, the preparation of key policies and update of strategies for audit committees, in-year budget monitoring and the preparation of the following year's accounts. These small teams are already very resource-constrained, and this would place further pressure on them, which could prove insurmountable, leading to a further breakdown of the system. The unintentional rephasing which has already resulted from local audit delays over the past few years, has in part contributed to the compounding of these delays, as small local authority teams have struggled to deal with unmanageable workload increases at key points in the year.

To avoid heightening the risk of a further system reset being required, the Council reiterates that the dates which present particular issues, as highlighted in the Council's response to Question 6, should be changed. The Government may wish to consider extending Phase 2 by a year or so to assist with the setting of these dates so as to avoid these issues.

Publication of an audit letter

Question 13: Do you agree that it would be beneficial for the 2015 Regulations be amended so that Category 1 bodies would be under a duty to consider and publish audit letters received from the local auditor whenever they are issued, rather than, as is currently the case, only following the completion of the audit? (agree, disagree, unsure)

Agree.

Do you have any comments on this issue?

For VFM arrangements, the Council believes that it is important to make audit letters available to those charged with governance and to publish them on a regular basis, and sooner in the audit cycle than is currently the case, which is at a flexible time, after audit completion. The proposal for audit firms to issue these by 30 November following the year-end, even if in draft form and subject to audit completion, seems to be a workable solution from a local authority perspective.

Equality impacts

Question 14: Do you have any comments on whether any of the proposals outlined in this consultation could have a disproportionate impact, either positively or negatively, on people with protected characteristics or wish to highlight any other potential equality impacts?

No.


Further feedback

Question 15: Finally, do you have any further comments on the proposed changes to the 2015 Regulations not covered by the questions so far, including relating to any unintended consequences?

(Where possible, please limit your response to 500 words)

No.

Yours faithfully



**Mark Kenyon
Director of Finance & ICT (S151 Officer)**



Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

19 March 2024

Report of the Director of Finance & ICT

Update on 2022-23 External Audit Internal Control Recommendations

1. Purpose

- 1.1 To provide Audit Committee with an update on internal control recommendations outlined in the external auditor's Council and Derbyshire Pension Fund Audit Completion Reports for the year ended 31 March 2023, along with progress on any actions required.

2. Information and Analysis

- 2.1 The external auditor presented its year ended 31 March 2023 Audit Completion Reports, for the Council and for the Derbyshire Pension Fund, at the Audit Committee meeting on 30 January 2024.
- 2.2 No internal control recommendations were raised.
- 2.3 Receiving no internal control recommendations is testament to the strength and the continued effectiveness of the Council's and the Derbyshire Pension Fund's internal controls.

2.4 The reported position builds on last year, when the external auditor raised no internal control recommendations in its Audit Completion Report in respect of the 2021-22 Derbyshire Pension Fund accounts, and one internal control recommendation, with 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'), in its Audit Findings Progress Report in respect of the 2021-22 Council accounts.

3. Consultation

3.1 No consultation is required.

4. Alternative Options Considered

4.1 Not Applicable – It is prudent and responsible practice for an update on external audit's internal control recommendations for the previous year, along with progress on any actions required, to be reported to Audit Committee. Although there were none, if any low/medium priority control recommendations were 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 were 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.

8. Recommendation

That Audit Committee:

- 8.1 Notes that there were no internal control recommendations outlined in the external auditor's Council and Derbyshire Pension Fund Audit Completion Reports for the year ended 31 March 2023 and that no further action is required.

9. Reasons for Recommendations

- 9.1 It is prudent and responsible practice for any external audit internal control recommendations for the previous year to be reported to Audit Committee, along with progress on any actions required.

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Implications

Financial

- 1.1 No Council or Derbyshire Pension Fund internal control recommendations were raised in the external auditor's Audit Completion Reports for the year ended 31 March 2023. No further action is required. This is testament to the strength and the continued effectiveness of the Council's and the Derbyshire Pension Fund's internal controls.

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.



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

19 March 2024

Report of the Director of Finance & ICT

Accounting Policies

1. Purpose

- 1.1 To ask Audit Committee to note changes made to the Accounting Policies for 2021-22 and subsequent years in respect of Infrastructure Assets and to seek approval for amendments to the Accounting Policies for 2023-24 and to the proposed Accounting Policies for 2024-25.

2. Information and Analysis

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

2023-24 Accounting Policies

- 2.2 On 21 March 2023, Audit Committee approved the proposed Accounting Policies for the 2023-24 financial year.
- 2.3 As reported at that meeting, the Government has 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 Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting (the Code).
- 2.4 As a result, the Council's 2021-22 and 2022-23 Accounting Policies have been amended at Section 1.11 to include the following provision:

- The Council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for Infrastructure Assets when there is replacement expenditure is nil.
- 2.5 The amendment above is included in the proposed 2023-24 Accounting Policies.
- 2.6 In addition, the following amendments have been made to the 2023-24 Accounting Policies:
 - Section 1.24 – textual amendments, which do not constitute a change in Accounting Policy:
 - Improvements have been made to the wording of the definition and accounting treatment of Service Concession Arrangements (e.g. PFI contracts).
- 2.7 The updated 2023-24 Accounting Policies are attached at Appendix Two. Any further proposed amendments will be reported to Audit Committee in due course.

2024-25 Accounting Policies

- 2.8 The new accounting standard IFRS 16 Leases had a scheduled implementation date of 1 April 2022 for the UK Public Sector.
- 2.9 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.
- 2.10 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 in April this year.

- 2.11 In light of the anticipated date of the SAP upgrade and to allow adequate time for implementation of the new standard, the Council will adopt IFRS 16 with a transition date of 1 April 2024.
- 2.12 In preparation for the introduction of IFRS 16 Leases, amendments had been made to the Council's Accounting Policies, replacing existing lease accounting standards and interpretations: IAS 17, IFRIC 4, SIC 12 and SIC 27. These amendments have been reviewed and are included in the Accounting Policies for 2024-25 provided to Audit Committee for approval. There are significant potential implications for the accounting treatment of leases. All leases will be recognised in lessee accounts, with a lease liability and a corresponding right-of-use asset. The Accounting Policy changes are an addition to paragraphs 1.13, 1.14 and 1.17 for right-of-use assets and the insertion of replacement lease paragraphs 1.18 to 1.23 and 1.33 to 1.34. Paragraph 1.26 has also been amended for the impact on Service Concession Arrangements, which are now in scope of the new accounting standard. This affects the service concession asset classification and ongoing liability measurement. Preparations are underway to ensure that the Council is ready for the introduction of IFRS 16.
- 2.13 The transition to accounting for leases as required by IFRS 16 entails a significant amount of work:
- to identify all the arrangements which fall within its scope;
 - to ensure that all right-of-use property assets are valued appropriately;
 - to set up the necessary master data within the financial systems to separately identify right-of-use assets in the Council's accounts;
 - to procure and implement 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;
 - to develop and maintain a workflow to ensure the record of lease arrangements remains up to date; and
 - to procure and implement specialist advice on how to practically apply the standard to Service Concession Arrangements (e.g. PFI contracts).

- 2.14 Around 150 contracts which contain leases relating to land and buildings have been identified to date and an additional 60 Voluntary Controlled/Aided school sites need to be reviewed to determine if they will fall in scope of IFRS 16. Also, it is anticipated that a number of contracts entered into by the Council's schools, which will be in the scope of IFRS 16, may be discovered. It is estimated that the lease liabilities reported on the balance sheet will increase by between £5m and £9m, with an equivalent or greater increase to the value of the reported assets relating to these leases. The scale of this change means that the risk of the Statement of Accounts for 2024-25 being materially misstated as a result of an incorrect implementation is not insignificant.
- 2.15 A significant number of the contracts containing land and building leases require a valuation for the property right-of-use assets. The Estates valuation team is planning to undertake these valuations 'in house' over the summer of 2024, subject to receipt of a list of the applicable contracts from the Financial Strategy team sufficiently ahead of time.
- 2.16 Resource constraints across both the Estates valuation and Financial Strategy teams pose a significant risk to an accurate and timely implementation.
- 2.17 Appendix Three includes the proposed 2024-25 Accounting Policies. Additional technical guidance is likely to be received and it is possible that this will also impact on the 2024-25 Accounting Policies. Any further proposed amendments will be reported to Audit Committee in due course.

3. Alternative Options Considered

- 3.1 Not Applicable – 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 2023-24.
- 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 2023-24 Accounting Policies.
- 7.3 Appendix Three – Proposed 2024-25 Accounting Policies.

8. Recommendations

That Audit Committee:

- 8.1 Notes the changes made 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 2023-24.
- 8.3 Approves the changes outlined above in relation to the Accounting Policies for 2024-25.

9. Reasons for Recommendations

- 9.1 Updated guidance on accounting for Infrastructure Assets in the CIPFA Bulletin issued on 11 January 2023. Changes were required to support the external auditor's ability to issue an opinion on the accounts.
- 9.2 The changes reflect the implementation of IFRS 16 Leases on 1 April 2024.

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Appendix One

Implications**Financial**

- 1.1 Amendments to the Council's 2021-22 Accounting Policies, and subsequent years, were required having considered the changes to the Code, the new statutory instrument, and the updated guidance relating to replacement/renewal expenditure on Infrastructure Assets.
- 1.2 The updated 2023-24 Accounting Policies include textual amendments, which do not constitute a change in Accounting Policy, to improve the wording of the definition and accounting treatment of Service Concession Arrangements.
- 1.3 The updated 2024-25 Accounting Policies reflect the requirements expected upon adopting the new IFRS 16 Leases accounting standard. It is estimated that the lease liabilities reported on the balance sheet will increase by between £5m and £9m, with an equivalent or greater increase to the value of the reported assets relating to these leases. The scale of this change means that the risk of the Statement of Accounts for 2024-25 being materially misstated as a result of an incorrect implementation is not insignificant.

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.
- 2.3 Under the Council's Financial Regulations contained within its Constitution, the Chief Financial Officer has to identify any significant changes to Accounting Policies and ensure that they are reported to and approved by Audit Committee.

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.

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Statement of Accounting Policies For the Year Commencing 1 April 2023

Version History			
Version	Date	Detail	Author
0.01	29 02 2024	Current Post-Audit Accounts Accounting Policies 2022-23 (updated Accounting Policies reported to Audit Cttee for 2022-23 in March 23 – accounts not yet signed) with Section 1.24 textual amendments, which do not constitute a change in Accounting Policy - Improvements have been made to the wording of the definition and accounting treatment of Service Concession Arrangements (e.g. PFI contracts).	S Holmes
1.0	03 2024	Review by Finance Manager and Director of Finance & ICT	E Scriven M Kenyon
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) and the Update to the Code and Specifications for Future Codes for Infrastructure Assets - November 2022 (the Update). Where there is no specific guidance in the Code or the Update, 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 or the Update, the Council will disclose the following in the notes to the accounts:

- The nature of the change in accounting policy;

APPENDIX TWO – 2023-24 ACCOUNTING POLICIES

- 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.

APPENDIX TWO – 2023-24 ACCOUNTING POLICIES

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.

APPENDIX TWO – 2023-24 ACCOUNTING POLICIES

- 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 determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for Infrastructure Assets when there is replacement expenditure is nil.

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.

APPENDIX TWO – 2023-24 ACCOUNTING POLICIES

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.

APPENDIX TWO – 2023-24 ACCOUNTING POLICIES

- 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.

APPENDIX TWO – 2023-24 ACCOUNTING POLICIES

➤ **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 purchasers 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.

APPENDIX TWO – 2023-24 ACCOUNTING POLICIES

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 downward revaluation, the carrying amount of the asset is written down against any balance of previous revaluation gains for the asset in the Revaluation Reserve (up to the amount of the accumulated gains). Any further decrease is charged to revenue. This is then reversed through the Movement in Reserves Statement and charged to the Capital Adjustment Account.

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.

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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

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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 is 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

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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.

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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**
 - Carriageways – 40 years
 - Footways and cycle tracks – 40 years
 - Structures – 120 years
 - Lighting – 40 years
 - Traffic management – 30 years
 - Street furniture – 40 years
- **Investment Property Assets** – not depreciated

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- **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.

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- 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)

These are agreements or contracts where the contractor uses a fixed asset to provide a public service on behalf of the Council for a specified period of time and the contractor receives payments from the Council for the period of the arrangement. The asset may be provided, constructed or enhanced by either the contractor or Council.

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The arrangement is assessed against control tests to determine whether the risks and rewards incidental to ownership of the asset lie with the Council. Where the control tests are met, the Council recognises a capital asset in the Balance Sheet. Once recognised this asset is treated in line with all capital assets. A corresponding long-term liability is also recognised at the construction value.

The total unitary payments made during the life of the contract are separated into the service charge, finance costs and capital 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.

The service element, which compensates the contractor for the public services it is providing, is chargeable to the relevant revenue service expenditure as incurred. 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. 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.

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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.

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- **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

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- 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.

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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.

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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.

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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.

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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.

APPENDIX TWO – 2023-24 ACCOUNTING POLICIES

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

APPENDIX TWO – 2023-24 ACCOUNTING POLICIES

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

APPENDIX TWO – 2023-24 ACCOUNTING POLICIES

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.

APPENDIX TWO – 2023-24 ACCOUNTING POLICIES

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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).

GLOSSARY OF TERMS

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 (EUUV)

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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 activities. 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.

GLOSSARY OF TERMS

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.

GLOSSARY OF 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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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 either 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.

GLOSSARY OF TERMS

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.

Right-of-Use Asset

An asset representing the Council's right to use an underlying asset, such as a vehicle or building, for a period of time.

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.

GLOSSARY OF TERMS

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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Statement of Accounting Policies For the Year Commencing 1 April 2024

Version History			
Version	Date	Detail	Author
0.01	29 02 2024	Latest Accounting Policies 2023-24. Updated for IFRS 16 – Council’s adoption of 1 April 2024 transition date. Reported to Audit Committee in March 2024 (Appendix One).	S Holmes
1.0	03 2024	Review by Finance Manager and Director of Finance & ICT	E Scriven M Kenyon
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) and the Update to the Code and Specifications for Future Codes for Infrastructure Assets - November 2022 (the Update). Where there is no specific guidance in the Code or the Update, 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 or the Update, the Council will disclose the following in the notes to the accounts:

- The nature of the change in accounting policy;

APPENDIX THREE – 2024-25 ACCOUNTING POLICIES

- 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.

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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.

APPENDIX THREE – 2024-25 ACCOUNTING POLICIES

- 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 determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for Infrastructure Assets when there is replacement expenditure is nil.

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.

APPENDIX THREE – 2024-25 ACCOUNTING POLICIES

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.

APPENDIX THREE – 2024-25 ACCOUNTING POLICIES

- 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.

APPENDIX THREE – 2024-25 ACCOUNTING POLICIES

➤ **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 purchasers 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.

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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.

➤ **Right-of-Use Assets**

Assets that represent the Council's right to use an underlying asset, such as a vehicle or building, for a period of time. Such rights are conveyed in a contract, or part of a contract.

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 downward revaluation, the carrying amount of the asset is written down against any balance of previous revaluation gains for the asset in the Revaluation Reserve (up to the amount of the accumulated gains). Any further decrease is charged to revenue. This is then reversed through the Movement in Reserves Statement and charged to the Capital Adjustment Account.

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.

APPENDIX THREE – 2024-25 ACCOUNTING POLICIES

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

APPENDIX THREE – 2024-25 ACCOUNTING POLICIES

- 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 is 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

APPENDIX THREE – 2024-25 ACCOUNTING POLICIES

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.
- **Right-of-Use Assets** – these are initially recognised using the IFRS 16 cost model (not valued) unless the lease payments are substantially below the market rate, in which case they will be valued.

Where the underlying asset is land or buildings and a lease does not contain any provision for rent reviews at periods of five years or less, then the Right-of-Use will be revalued at least every five years.

For leases where the underlying asset is land or buildings:

- Where the property is non-specialised, the Council values Right-of-Use Assets at a rental value, that reflects the terms and conditions of the lease, discounted by a market yield at the valuation date for the residual lease term. Otherwise:
- The value of the Right-of-Use Asset will be determined with reference to the current value of the underlying land or buildings asset, the residual lease term and a yield that reflects the leasehold interest in the asset.

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.

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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.

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- **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**
 - Carriageways – 40 years
 - Footways and cycle tracks – 40 years
 - Structures – 120 years
 - Lighting – 40 years
 - Traffic management – 30 years
 - Street furniture – 40 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

- **Right-of-Use Assets** – Right-of-Use Assets are depreciated to the earlier of the end of the lease term or the end of the underlying asset's useful life.

1.18. Leases

In line with IFRS 16, the Council recognises a lease to be any contract, or part of a contract, that conveys the right to use a specifically identifiable asset for a period of time.

A contract is any arrangement between two or more parties that creates enforceable rights and obligations.

The Council will only apply lease accounting to tangible assets.

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1.19. Lease Term

The lease term is the period for which a lessee reasonably expects to have a right to use the underlying asset.

The Council assumes that this will be the contractual term including any periods covered by options to terminate the lease, unless there is evidence to suggest that options to extend the lease or terminate it early are reasonably likely to be exercised, in which case the term will be extended or reduced as appropriate.

Where the lessee is retaining use of an asset after the contractual period has ended a 'holding over' lease is created. The Council deems the term of such a lease to be based on management's reasonable expectation of how long it will continue to use the asset, or 5 years in the event that management are not able to provide such an assessment.

1.20. Short-Term Lease

A short-term lease is a lease, which does not have a purchase option, with a term of 12 months or less at the commencement date.

An annually renewing, or rolling, lease which has not been terminated after 12 months from the commencement date will be deemed to be a 'holding over' lease. Such a lease will not be treated as a short-term lease.

1.21. Low Value Assets

The Council deems the following to be low value assets:

- Personal computers and tablets
- Printers and photocopiers
- Telephones
- Other small office equipment
- Desks, chairs and cabinets
- Other small office furniture
- Sanitary units and equipment

Land, buildings and vehicles are never deemed to be low value.

Any other asset is classified as low value if its cost, when purchased new, would be £10,000 or less.

1.22. Lessee Accounting

Except for short term leases, or where a lease is for a low value asset, the Council will recognise an asset which represents its right to use an underlying asset for the lease term. The initial recognition of the right-of-use asset is comprised of:

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- The initial measurement of the lease liability or, where the lease payments are substantially below the market rate, the value of the Right-of-Use asset as assessed by a RICS qualified valuer.
- Any lease payments made at the commencement date, less any incentives received.
- Any direct costs incurred.
- The initial estimate of any provision to remove, dismantle or restore the underlying asset or the site on which it is located to the condition required by the terms and conditions in the lease.

At the commencement date, the Council will recognise a lease liability at the present value of the lease payments to be made. The lease payments will be discounted at the interest rate implicit in the lease, or if this is not determinable then the Public Works Loan Board annuity rate of interest, prevailing at the commencement date and for a period consistent with the term of the lease, adjusted for the type of underlying asset and whether it is a commercial or non-commercial lessor. Over the term of the lease the liability is increased by interest charges and reduced by the lease payments made. The liability is also adjusted for any change to the lease payments, for example for a change in rental rate following a rent review.

On initial recognition, any difference between the value of the Right-of-Use asset and the lease liability will be treated as income in Financing and Investment Income and Expenditure 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.

Where the underlying asset is land or buildings and a lease does not contain any provision for rent reviews at periods of five years or less, then the Right-of-Use will be revalued at least every five years. The value of the Right-of-Use asset will be assessed by a RICS qualified valuer.

1.23. Defining a Finance Lease

The Council as lessor will classify a lease as 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.

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- 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.

If the Council is subletting an underlying asset it will perform these tests with reference to the right-of-use asset created by the head lease rather than the underlying asset. 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.

1.24. 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.

1.25. 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.

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

These are agreements or contracts where the contractor uses a fixed asset to provide a public service on behalf of the Council for a specified period of time and the contractor receives payments from the Council for the period of the arrangement. The asset may be provided, constructed or enhanced by either the contractor or Council.

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The arrangement is assessed against control tests to determine whether the risks and rewards incidental to ownership of the asset lie with the Council. Where the control tests are met, the Council recognises a Right-of-Use asset in the Balance Sheet. Once recognised this asset is treated in line with all Right-of-Use assets. A corresponding long-term liability is also recognised at the construction value.

The total unitary payments made during the life of the contract are separated into the service charge, finance costs and capital 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.

The service element, which compensates the contractor for the public services it is providing, is chargeable to the relevant revenue service expenditure as incurred. 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. The liability is also adjusted for any change to the payments not associated with the service charge, for example a change resulting from a change in index. 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.

1.27. 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.

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1.28. 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.

1.29. 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.

1.30. 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

1.31. Recognition of Revenue Expenditure

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

1.32. 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.

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- **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.

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- 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.

1.33. Lessee Accounting for a Short Term Lease

Costs associated with short term leases where the Council is the lessee are charged to the Comprehensive Income and Expenditure Statement within the Net Cost of Services on an accruals basis over the lease term.

1.34. Lessee Accounting for Leases of Low Value Assets

Costs associated with the lease of low value assets where the Council is the lessee are charged to the Comprehensive Income and Expenditure Statement within the Net Cost of Services on an accruals basis over the lease term.

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1.35. 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.

1.36. 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.

1.37. 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.

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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.

1.38. 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.

1.39. 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.

1.40. 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.

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1.41. 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.

1.42. 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.

1.43. 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.

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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

1.44. 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.

1.45. 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.

1.46. 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.

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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.

1.47. 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

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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

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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.

1.48. 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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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 activities. 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.

GLOSSARY OF TERMS

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.

GLOSSARY OF 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.

GLOSSARY OF TERMS

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.

GLOSSARY OF TERMS

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 either 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.

GLOSSARY OF TERMS

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.

Right-of-Use Asset

An asset representing the Council's right to use an underlying asset, such as a vehicle or building, for a period of time.

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.

GLOSSARY OF TERMS

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.



Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

19 March 2024

Report of the 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 updated and approved by Audit Committee at its meeting on 21 March 2023, following a review in February 2023.

2.5 Following a further review of the Council's Policy in February 2024, the following changes have been made:

- Update to replace Deputy Money Laundering Reporting Officer ('MLRO') Paul Stone with David Catlow, his replacement as the Council's Assistant Director of Finance.
- Updates to reference the introduction in the last year of further Legislation and Regulations relating to money laundering:
 - The Money Laundering and Terrorist Financing (Amendment) Regulations 2023.

The changes clarify, for the purposes of regulated businesses (not the Council) carrying out enhanced due diligence in respect of money laundering regulations, that domestic politically exposed persons (PEPs) pose a lower risk of money laundering and terrorist financing than non-domestic PEPs, unless other risk factors unrelated to their position as a domestic PEP apply. No further updates to the Policy are required.

- The Money Laundering, Terrorist Financing (High-Risk Countries) (Amendment) Regulations 2024.

The changes introduced are intended to streamline updates in respect of which regulated businesses (not the Council) must carry out enhanced due diligence. No further updates to the Policy are required.

- The Economic Crime (Transparency and Enforcement) Act 2022.
- The Economic Crime and Corporate Transparency Act 2023.

Taken together, these two pieces of legislation bring in stronger powers to tackle money laundering and other illicit activity, whilst introducing reforms to Companies House. The majority of the measures outlined will be implemented through secondary legislation, the timing of which is, as yet, unclear. No further updates to the Policy are required at this time. New measures will include:

- Reforms to prevent the abuse of limited partnerships.
- Additional powers to seize and recover suspected criminal crypto assets.
- Reforms to give businesses more confidence to share information to tackle economic crime.
- The introduction of a Failure to Prevent Fraud offence.
- Introducing identity verification for registered company directors, people with significant control and those who file on behalf of companies.
- Improving the financial information on the register so that it is more accurate.
- Providing Companies House with more effective investigation and enforcement powers and introducing better cross-checking of data with other bodies.
- Enhancing the protection of personal information provided to Companies House.
- Changing the filing requirements for smaller companies.

2.6 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 approves the amendments to the Policy.

2.7 The Policy was most recently communicated to staff across the organisation in the Council's Our Derbyshire News publication, on 18 January 2024. It was emphasised that:

- The Council aims to maintain high standards of conduct, by preventing criminal activity through money laundering and must 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, its Officers and Members are not fulfilling their duty under the law.
 - While money laundering may most commonly be associated with organised crime, employees of the Council could be exposed to it while carrying out their everyday activities such as cash handling or transactions that appear to make no commercial or economic sense from the perspective of the other party.
 - Cash payments over £2,500 must not be accepted and may not be sub-divided to circumvent this limit.
 - Guidance on possible exposure to money laundering is set out in the Council's Anti-Money Laundering Policy, with a link to the Policy provided. Staff should take the time to read through the policy, noting in particular the examples, procedures and forms provided within the appendices.
 - Any further questions or concerns should be discussed with line managers and the Council's Officer responsible for Anti-Money Laundering: Mark Kenyon, Director of Finance and ICT, should be contacted.
- 2.8 A link to the Policy will be included in future Finance training course content.
- 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 Serious Organised Crime and Police Act 2005, 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, The Money Laundering and Terrorist Financing (Amendment) (No.2) Regulations 2022, The Money Laundering and Terrorist Financing (Amendment) Regulations 2023 and The Money Laundering, Terrorist Financing (High-Risk Countries) (Amendment) Regulations 2024).
- 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).
- The Economic Crime (Transparency and Enforcement) Act 2022.
- The Economic Crime and Corporate Transparency Act 2023.

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 (<i>no change required to Policy except to reference new legislation</i>). 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 (<i>no change required to Policy except to reference new legislation</i>) 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

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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
14.0	21 02 2024	Policy Review. Update for new Deputy MLRO and reference to new legislation: The Money Laundering and Terrorist Financing (Amendment) Regulations 2023, The Money Laundering, Terrorist Financing (High-Risk Countries) (Amendment) Regulations 2024, The Economic Crime (Transparency and Enforcement) Act 2022 and The Economic Crime and Corporate Transparency Act 2023.	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);
- Proceeds of Crime Act 2002 (as amended by the Serious Organised Crime and Police Act 2005, the Crime and Courts Act 2013 and the Serious Crime Act 2015);
- 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, The Money Laundering and Terrorist Financing (Amendment) (No.2) Regulations 2022, The Money Laundering and Terrorist Financing (Amendment) Regulations 2023 and The Money Laundering, Terrorist Financing (High-Risk Countries) (Amendment) Regulations 2024);
- The Economic Crime (Transparency and Enforcement) Act 2022; and
- The Economic Crime and Corporate Transparency Act 2023;

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.

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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	David Catlow	Assistant Director of Finance
	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.

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:

<p>Mark Kenyon Director of Finance & ICT Derbyshire County Council County Hall MATLOCK Derbyshire DE4 3AH</p> <p>Telephone: 01629 538 700 E-mail: mark.kenyon@derbyshire.gov.uk</p>
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In the absence of the Officer, David Catlow 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.

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 Serious Organised Crime and Police Act, 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, The Money Laundering and Terrorist Financing (Amendment) (No.2) Regulations 2022, The Money Laundering and Terrorist Financing (Amendment) Regulations 2023 and The Money Laundering, Terrorist Financing (High-Risk Countries) (Amendment) Regulations 2024)

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)

The Economic Crime (Transparency and Enforcement) Act 2022

The Economic Crime and Corporate Transparency Act 2023

Combating Financial Crime – CIPFA 2009

Proceeds of Crime (Anti-Money Laundering) – Practical Guidance for Public Service Organisations – CIPFA 2005

Reviewed and updated February 2024

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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 person activity:

**Derbyshire County Council
Internal Suspicion of Money Laundering Activity Form**

PUBLIC

[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**

PUBLIC

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)*

**Derbyshire County Council
Internal Suspicion of Money Laundering Activity Form**

PUBLIC

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.

THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE OFFICER

Date report received:

Date receipt of report acknowledged:

CONSIDERATION OF DISCLOSURE:

<p>Action Plan:</p>

OUTCOME OF CONSIDERATION OF DISCLOSURE:

<p>Are there reasonable grounds for suspecting money laundering activity:</p>
--

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**

PUBLIC

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**

PUBLIC

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:

Signed:

Dated:

THIS REPORT IS TO BE RETAINED FOR AT LEAST FIVE YEARS



Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

19 March 2024

Report of the 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 21 March 2023.

2.11 Following a review of the Tax Strategy in February 2024, changes have been made as follows:

- Background section updated - update to background references in respect of the creation of the East Midlands County Combined Authority (EMCCA), which has progressed since the last Tax Strategy update. There has been no change to the accountable body or VAT arrangements. The Council remains the current 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.
- Relationship with tax authorities updated - update on the completion of the HMRC full VAT review, which was in progress at the time of the last review of the Tax Strategy. On 22 September 2023 HMRC confirmed that their inspection of the Council's VAT affairs was complete. HMRC thanked the Council's staff for their help in dealing with questions throughout the process.

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 to maintain or update the Tax Strategy – This option has been discounted. 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.

Report Author:

Eleanor Scriven

Contact details:

Eleanor.Scriven@derbyshire.gov.uk

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. 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. This Strategy is intended to ensure full compliance with tax legislation.

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



**Mark Kenyon BA(Hons) FCPFA
Director of Finance & ICT (Section 151 Officer)**

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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • Update to organisations in which the Council is involved. Relationship with tax authorities updated: <ul style="list-style-type: none"> • Update on HMRC full VAT review currently underway. 	E Scriven Approved by P Stone Feb 2023
5.0	12.02.2024	Tax Strategy Review: Background section updated: <ul style="list-style-type: none"> • Update to organisations in which the Council is involved. Relationship with tax authorities updated: <ul style="list-style-type: none"> • Update on completed HMRC full VAT review. 	E Scriven Approved by M Kenyon Feb 2024

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 signed in August 2022. The Council is one of the constituent councils which form part of the East Midlands Combined County Authority (EMCCA). The Levelling Up and Regeneration Bill has received Royal Assent and all four constituent councils have formally agreed the creation of the EMCCA. The creation of the EMCCA was subject to the passing and coming into force of the Regulations laid in Parliament in December 2023. The EMCCA was established on 28 February 2024. The EMCCA is a Level 3 deal with Government, which includes having an elected Mayor. Elections will take place on 2 May 2024. 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.

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 Principles

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. On 22 September 2023 HMRC confirmed that their inspection of the Council's VAT affairs was complete. HMRC thanked the Council's staff for their help in dealing with questions throughout the process.

Mark Kenyon
S151 Officer
Derbyshire County Council

Reviewed and up to date February 2024
(Original 24 March 2020 based on the Finance Act 2016 Schedule 19,
updated annually)



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

TUESDAY, 19 MARCH 2024

Report of the Director - Finance and ICT

REVISED FINANCIAL REGULATIONS

1. Purpose

- 1.1 To consider the proposed amendments to the Council's Financial Regulations & Standing Orders Relating to Contracts and recommend approval of the updated documents to Council.

2. Information and Analysis

- 2.1 A detailed revision of the Council's Financial Regulations took place in 2017 and 2018 with a further review during the latter part of 2020.
- 2.2 It is considered to be good financial management practice to review the Regulations and Standing Orders on a regular basis to ensure that they are fit for purpose and accord with the Council's Constitution and relevant legislation.
- 2.3 Many of the titles and references to policies referred to in the current Regulations have changed and these have been updated where appropriate.
- 2.4 These changes will be underpinned by revised schemes of Departmental financial delegation in compliance with the revised Financial Regulations and Standing Orders relating to Contracts.
- 2.5 The key changes included for consideration by the Committee, are:

Financial Regulations:

- Virements to have Chief Financial Officer approval with amount amended to bring in line with key decisions.
- Use of reserves requiring Chief Financial Officer approval.
- Clarity around Budget Holder responsibilities.
- Clarity around Audit, Risk and Insurance matters.
- Reference to the Council's 'No Purchase Order, No Pay' Policy
- Several wording changes and clarity in respect of ordering and paying for work, goods and services, arrangements reflecting the corporate landlord model and debt recovery to reflect current cost controls and working practices.
- Numerous small textual changes including officer job titles

Standing Orders Relating to Contracts:

- A change to Protocol 2a to include for an approved external Framework list.
- The creation of Protocol 4 – to accommodate the new requirements of The Provider Selection Regime (PSR) which came into force on 1 January 2024.
- The change of Protocol 7a threshold of £1,000 to £5,000
- The change of Protocol 7b threshold from £5,000 to £50,000
- The change of title for Protocol 8 from Sole Supplier to Award of Contract without competition.
- The removal of Protocol 9
- A change of Protocol 10 to incorporate the requirements previously required under Protocol 9
- The replacement of all reference to OJEU to Find a Tender Service (FTS).
- The e-notification service is used to post and view public sector procurement notices.
- The removal of all reference to European Union (EU) Law.

3. Consultation

- 3.1 These documents form part of the financial control and governance arrangements of the Council and therefore have no consultation requirements.

4. Alternative Options Considered

4.1 None – The Financial Regulations and Standing Orders are an essential part of the financial control and governance arrangements of the Council and therefore no alternative options are appropriate.

5. Implications

5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

6. Background Papers

6.1 None

7. Appendices

7.1 Appendix 2 – Draft Financial Regulations
Appendix 3 – Draft Standing Orders Relating to Contracts

8. Recommendation(s)

That Committee:

- a) considers the proposed amendments to the Council's Financial Regulations & Standing Orders Relating to Contracts and recommend approval of the updated documents to Council
- b) Notes that approval for the proposed amendments to progress to Council will be sought from the Governance, Ethics and Standards Committee

9. Reasons for Recommendation(s)

9.1 To ensure that the Councils financial governance arrangements remain appropriate

Report Author: David Catlow

Contact details: David.Catlow@derbyshire.gov.uk

Implications

Financial

- 1.1 To conduct its business efficiently a local authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations, which set out the financial policies of the Council, and Standing Orders Relating to Contracts which establish a framework for all procurement activity. All decisions and transactions of the Council must be undertaken in accordance with Financial Regulations and Standing Orders.

Legal

- 2.1 The review of the Council's Financial Regulations and Standing Orders relating to contracts has been conducted in accordance with the Local Government Act 1972.
- 2.2 The Chief Financial Officer has legal responsibilities for the financial administration of the Council's affairs and for determining the procedures and systems (whether electronic or not) to achieve this.
- 2.3 The Director of Legal Services as Monitoring Officer has responsibilities for legal compliance/probity.
- 2.4 Financial Regulations and Procedures apply to all Members and employees and to all transactions.

Human Resources

- 3.1 Financial regulations apply to every Member and Officer of the Council and anyone acting on behalf of the Council. They provide clarity about the accountabilities of individuals. Cabinet Members and Executive Directors should maintain a written record where these responsibilities have been delegated to their employees including devolved employees.

The Code of Conduct for Employees will apply where there is a failure to comply with financial regulations. This may result in action being taken under the Council's disciplinary procedures.

It is important that employees are familiar with the detail that applies to them in their daily role.

Information Technology

4.1 None

Equalities Impact

5.1 None

Corporate objectives and priorities for change

6.1 Effective governance of the Councils Financial resources contributes towards delivery of High performing, value for money and resident focused services

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Derbyshire County Council

FINANCIAL REGULATIONS

To: All Members and Employees

The Chief Financial Officer has legal responsibilities for the financial administration of the Council's affairs and for determining the procedures and systems (whether electronic or not) to achieve this.

The Director of Legal Services as Monitoring Officer has responsibilities for legal compliance/probity.

Financial Regulations and Procedures apply to all Members and employees and to all transactions.

There are separate regulations under the Derbyshire Scheme for Financing Schools.

Where supplementary rules are made subsequent to these Regulations, these will be published. It has not been possible to foresee every eventuality so, should any doubt arise, you should consult the Chief Financial Officer. The Council Tax payers and citizens will expect everyone involved with the Council's affairs to treat the Council's resources with care and seek to obtain value for money - economy, efficiency and effectiveness - at all times.

The Regulations deal with the control of resources by Executive Directors in their Departments. The responsibilities of other officers are separately listed throughout the document and supplemented by Scheme of Delegations.

It is important that all employees are familiar with the detail that applies to their daily role. The regulations relating to procurement matters have been amended including changes in thresholds, evaluating for risk, increased requirement for transparency and the use of frameworks. These changes will allow increased flexibility for officers whilst maintaining the focus on delivery of value for money and accountability.

Barry Lewis
Leader of the Council

Simon Spencer
Deputy Leader of the Council

Mark Kenyon
Director of Finance
(Chief Financial Officer)

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A INTRODUCTION

FINANCIAL REGULATIONS

- 1 To conduct its business efficiently a local authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations, which set out the financial policies of the Council.
- 2 The County Council has produced this updated set of financial regulations, which reflects best practice and provides a practical source of advice to assist the Council to deliver its services.
- 3 The financial regulations provide clarity about the accountabilities of individuals - Cabinet Members and officers including the Monitoring Officer, the Chief Financial Officer and Executive Directors. Each of the financial regulations sets out the overarching financial responsibilities.
- 4 Departments should link the financial regulations with other internal regulatory frameworks which form part of the Council's constitution - for example - contract standing orders, schemes of delegation, the role of both Audit and Improvement and Scrutiny Committees and Employee Codes of Conduct, which include specific issues such as hospitality and gifts. Departments may also wish to supplement this handbook with their own more detailed financial procedures, guidance and instructions. Each of these additional publications must be approved by the Chief Financial Officer.

There is a separate version of financial regulations for Schools which is in line with the Schools Financial Value Standards and approved by the Schools governing body.

- 5 Derbyshire County Council is one of the largest local authorities in England. It serves a population of 764,000 and an area of 255,071 hectares. It provides a diverse range of services to its residents. It works in partnership with 8 district councils, parish and town councils and a number of other organisations.

The Council provides the following services:

- learning and development
- social care
- strategic planning
- economic development
- roads and highways
- cultural and community including libraries, museums & archives
- public transport facilities
- public health
- public protection
- countryside services
- environmental management
- registration of births, deaths and marriages
- coroners
- emergency planning
- asset management

- 6 The Council's governance structure is laid down in its Constitution. This document contains the:

- Articles of the Constitution
- Responsibility for Functions
- Rules of Procedure
- Codes and Protocols
- Members' Allowances Scheme
- Management Structure

FINANCIAL PROCEDURES

7 Each section of the financial procedures follows the format set out below;

- why is this important?
 - this sets the context for the financial procedures.
- key controls
 - this explains the key internal controls which set the framework for ensuring financial regulations are operating effectively.
- responsibilities of the Chief Financial Officer and Monitoring Officer.
- responsibilities of Executive Directors.
 - these last two sections clarify the responsibilities of operational managers in relation to financial management. This is distinct from the role of finance employees. Executive Directors are, of course, free to delegate functions within their Departments as set out within the Scheme of Delegation, in which case the responsibilities as stated apply to their managers.

OTHER FINANCIAL ROLES & RESPONSIBILITIES

Role	Responsibilities
Budget Holder	A budget holder is responsible for the income and expenditure on budget heads for which they have been assigned responsibility and shall ensure that, within the limits of their delegation, there is compliance with the values and standards set out in Financial Regulations, any scheme of delegation and internal governance controls.
Delegated Officer	Delegated Officers must ensure that all financial decisions they make are within their delegated financial authorities, as delegated

	to them in accordance with the scheme of delegation and responsible for ensuring that any financial decisions they make comply with financial regulations and procedures.
Accountable Officers	Executive Directors are designated the Accountable Officer for the purpose of these regulations.
Corporate Management Team	A team led by the Managing Director and whose membership is defined by the Managing Director but including Head of Paid Service, Chief Financial Officer, Monitoring Officer & Executive Directors as a minimum

B STATUS OF FINANCIAL REGULATIONS

- 1 Financial regulations provide the framework for managing the Council's financial affairs. They apply to every Member and Officer of the Council and anyone acting on behalf of the Council. As Financial Regulations are part of the constitution any change must be agreed by Council after being reported to Audit Committee.
- 2 The regulations identify the financial responsibilities of the Council, Cabinet, Audit Committee, Improvement and Scrutiny Committees, the Monitoring Officer, the Chief Financial Officer and Executive Directors. Cabinet Members and Executive Directors should maintain a written record where these responsibilities have been delegated to their employees including devolved employees. Where responsibilities have been delegated or devolved to other responsible officers, such as governors, references to the Strategic Director in the regulations should be read as referring to them.
- 3 All Members and Officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of all Council resources is legal, properly authorised and provides Value for Money (VfM).
- 4 The Council's Audit Committee is responsible for ensuring a continuous review of the financial regulations and for advising the Cabinet and Council of any additions or changes necessary. The Chief Financial Officer is responsible for reporting, where appropriate, any breaches of the financial regulations to the Council and/or to the Cabinet Members.

- 5 The Council's detailed financial procedures setting out how the regulations will be implemented are contained in the Annexes to the Financial Regulations.
- 6 Executive Directors are responsible for ensuring that all employees in their Departments are aware of their responsibilities according to the financial regulations and other internal regulatory documents and comply with them.
- 7 The Chief Financial Officer is responsible for issuing advice and guidance to underpin the financial regulations which Members, Officers and others acting on behalf of the Council are required to follow.
- 8 Throughout this document all references to authorisation/signatories apply to both hardcopy and electronic records. A digital signature/authorisation carries no less weight and imposes no less responsibility on the authorising officer than a handwritten signature. Designated authorising officers must ensure that they maintain the security of their personal user identity and password details as these identifiers will be taken as the equivalent of a personal, handwritten signature for the purposes of authorisation.
- 9 Employees are reminded that, under the Code of Conduct for Employees, orders and contracts must be awarded on merit and in accordance with Financial Regulations and Standing Orders in relation to contracts. Any failure to comply with the requirements of these regulations must be reported to the Assistant Director of Finance (Audit) or person so delegated, and may result in action being taken under the Council's disciplinary procedures.

C FINANCIAL REGULATIONS FOR DERBYSHIRE COUNTY COUNCIL

C(1) FINANCIAL REGULATION 1 - FINANCIAL MANAGEMENT & CONTROL

Overview of financial accountabilities in relation to:

The Council

- 1 The Council is responsible for adopting the Council's Constitution and Code of Conduct for Employees and for determining the budget and policy framework within which the Cabinet operates. It is also responsible for setting and monitoring compliance with the Council's overall framework of accountability and control. The framework is set out in a written Constitution. Together with the Cabinet, the Council is responsible for monitoring compliance with policies and Cabinet decisions.

The Cabinet

- 2 The Cabinet is responsible for proposing to the Council the policy framework and budget, for delivering services and discharging functions in accordance with the policy framework and budget.
- 3 The extent to which decisions of the Cabinet can be delegated is set out within the body of these regulations. Joint Committees or responsible Cabinet Members have authority to decide certain matters.
- 4 Together with the Council, the Cabinet is responsible for monitoring compliance with policies, Cabinet decisions and the framework of accountability and control.

Committees

Improvement and Scrutiny Committees

- 5 The Council has Improvement and Scrutiny Committees whose role is to scrutinise Cabinet or individual decisions before or after they have been implemented. These Committees are also responsible for making recommendations on future policy options and reviewing the general policy and service delivery of the Council.
- 6 The Improvement and Scrutiny Committees have a right to be involved in the budgetary process of the Council.

Audit Committee

- 7 The Council has an Audit Committee, part of whose role is to independently contribute to the Council's overall process for ensuring that effective internal control systems are adequately maintained.

Audit Matters

- 8 The Council's Auditors, both Internal and External act in an independent advisory capacity and report to the Audit Committee, Cabinet and Council. The Audit Committee have rights of access to obtain all the information they consider necessary and to consult directly with internal and external auditors. The Audit Committee is responsible for reviewing the external auditor's statutory report and the Assistant Director of Finance (Audit)'s annual report.

Standards Committee

- 9 The Standards Committee is responsible for promoting and maintaining high standards of conduct amongst Councillors. In particular, it has responsibility for advising on the adoption of the Code of Conduct for Employees, for its operation and its updating.

Other Committees

- 10 Regulatory functions such as planning and licensing together with the administration of the County Council's Pensions Fund are not the responsibility of the Cabinet and are exercised through committees which report to the Council.

Officers

- 11 It is the duty of all Officers of the Council to serve all Members of the Council equally.

The Statutory Officers

Head of Paid Service

- 12 The Head of Paid Service is responsible for:-
- (a) The manner in which the discharge by the authority of their different functions is co-ordinated;
 - (b) The number and grades of staff required by the authority for the discharge of their functions;
 - (c) The organisation of the authority's staff; and
 - (d) The appointment and proper management of the authority's staff

Monitoring Officer

- 13 The Director of Legal Services, in the capacity of Monitoring Officer, is responsible for promoting and maintaining high standards of conduct and therefore provides support to the Standards Committee. The Monitoring Officer

is also responsible for reporting any breaches of the law to the Council and the Cabinet.

Scrutiny Officer

14 The Scrutiny Officer is responsible for administering the Council's Improvement and Scrutiny Committees and providing support to these Committees and the Members of them. In addition, the Scrutiny Officer provides support and guidance to:

- (a) Members of the Council,
- (b) Members of the Executive of the Council, and
- (c) Officers of the Council,

in relation to the functions of the Council's Improvement and Scrutiny Committees.

The Director of Finance

15 The Director of Finance is the Chief Financial Officer of the Council, and has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from the:

- **Local Government Act 1972 - Section 115 Accountability of Officers**

Every officer employed by a local authority, whether under this Act or any other enactment, shall at such times during the continuance of his office or within three months after ceasing to hold it, and in such a manner as the local authority direct, make out and deliver to the Council, or in accordance with their directions, a true account in writing of all money and property committed to his charge, and of his receipts and payments, with vouchers and other documents and records supporting the entries therein, and a list of persons from whom or to whom money is due in connection with this office, showing the amount due from or to each.

Every such officer shall pay all money due from him to the proper officer of the local authority or in accordance with their directions.

- **Local Government Finance Act 1988 - Section 114 - Functions of Responsible Officers as regards reports**

The Chief Financial Officer is also the responsible officer under Section 114 of the Local Government Finance Act 1988 for reporting to Council if the Council:

-

- (a) has made or is about to make a decision which involves or would involve the Council incurring expenditure which is unlawful;
- (b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Council, or

- (c) is about to enter an item of account the entry of which is unlawful.

In addition, the Chief Financial Officer is under a duty to report to Council if it appears to him that the expenditure of the Council incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

- **Local Government Act 1972 - Section 117 Disclosure by Officers of Interest in Contracts**

Employees should be aware of the provisions of Section 117(1) of the Local Government Act 1972, which provides that “if it comes to the knowledge of an officer employed whether under this Act or any other enactment by a local authority that a contract in which he/she has any pecuniary interest whether direct or indirect (not being a contract to which the employee is a party), has been or is proposed to be entered into by the authority or any committee thereof, he/she shall as soon as practicable give notice in writing to the authority of the fact that is interested therein.”

An indirect pecuniary interest for these purposes is as follows: -

- (a) if the officer or any nominee of the officer is a member of a Company or other body with which the contract was or is proposed to be made,
- (b) if the officer is a partner or is in the employment of a person with whom the contract is or is proposed to be made,
- (c) in the case of married persons living together the interest of one spouse, if known to the other, is deemed to be the interest of the other spouse.

Section 117(2) states that “an officer of a local authority shall not, under colour of his office or employment, accept any fee or reward whatsoever other than his proper remuneration”.

Any officer who has direct or indirect interest in any contract, or who is offered any fee or reward shall write to the Monitoring Officer immediately. Any person who fails to comply with Section 117(1) and/or (2) may render themselves liable to a fine of £1,000.

- **Local Government Act 1972 - Section 151**

Under Section 151 “Every local authority shall make arrangements for the proper administration of their financial affairs, and shall secure that one of their officers has responsibility for the administration of those affairs”.

The County Council have appointed the Chief Financial Officer as the responsible officer.

No item having financial consequences shall be placed on a Council meeting agenda without obtaining the Chief Financial Officer's financial

assessment. Any report containing new proposals shall include an independent financial assessment by the Chief Financial Officer.

- **Local Government Act 2003**

The Local Government Act 2003 requires that the Chief Financial Officer has:

- (a) a statutory duty to advise the Council on Cabinet proposals in accordance with their responsibilities under Section 151 of the Local Government Act 1972 and the Local Government Act 2003;
- (b) responsibilities in relation to the level of the Council's reserves and protocols for their use;
- (c) responsibilities to take into account matters as specified in CIPFA's Prudential Code for Capital Finance in Local Authorities (2003);
- (d) robustness of estimates included in the budget and the adequacy of the reserves for which the budget provides.

The annual investment strategy is an annual statement prepared in accordance with the Local Government Act 2003. Section 15(1), states that all Authorities must "have regard to guidance on investments issued by the Secretary of State", when investing surplus cash.

- 16 The Chief Financial Officer will support these financial regulations by the issue of more detailed instructions to Executive Directors from time to time.

All Council staff shall furnish the Chief Finance Officer with such information as he/she may from time to time require for financial administration of the Council's affairs. In the case of any dispute or difference of opinion on whether provision of information is necessary, the decision of the Chief Finance Officer will be final.

Deputy s.151 Officer

This role is currently held by the Assistant Director of Finance and deputises for the Chief Financial Officer in relation to the statutory requirements of Section 151 of the Local Government Act 1972 (as set out above).

Responsibilities of Executive Directors

- 17 All Executive Directors shall be responsible for ensuring that all employees of their Departments comply with financial regulations and any other financial instructions the Chief Financial Officer may issue from time to time. They also have delegated powers to take such actions deemed necessary and expedient in matters requiring urgent consideration and because of the timescale involved, or the need to safeguard the interests of the Council, cannot be dealt with by submission to the next Council or Cabinet Member Meeting. For the purposes of these regulations the Director of Public Health will have the same

responsibilities and functions, within the remit of the role of Director of Public Health, as those delegated to Executive Directors.

- 18 They shall also ensure that:
- (a) existing and new employees are informed of their responsibilities under financial regulations and are familiar with these documents,
 - (b) all financial regulations or contracts and award procedures are followed by officers in their Department,
 - (c) relevant records are maintained and retained,
 - (d) particular care is necessary to ensure that Officers whose responsibilities extend to routine aspects of budgeting, record keeping, ordering, income and payments are fully aware of the detailed requirements of the relevant Appendices to these regulations.
- 19 To consult the Chief Financial Officer on any matter which is liable to materially affect the finances of the Council before any provisional or other commitment is incurred.
- 20 To be responsible for securing VfM in relation to their activities and for achieving financial performance targets.

The Decision Making Process

- 21 The Cabinet is responsible for establishing protocols to ensure that individual Cabinet Members consult with relevant Officers before taking a decision within his/her delegated authority. In doing so he/she must take account of advice as to legal and financial liabilities and risk management issues which may arise from the decision.
- 22 The Monitoring Officer must ensure that Cabinet decisions and the reasons for them are made public. He/she must also ensure that Council Members are aware of decisions made by the Cabinet and of relevant decisions made by Officers under the terms of any specifically delegated Cabinet responsibility.
- 23 The Monitoring Officer is responsible for advising the Council, Cabinet and Officers regarding who has authority within the Council to take a particular decision.

Key Decisions

These decisions are subject to the access to information requirements for open government. A key decision is defined as a decision that affects two or more electoral wards or saves/costs more than £500,000.

- 24 The Monitoring Officer and Chief Financial Officer, in consultation with the Head of Paid Service, are responsible for advising the Cabinet or Council whether a decision is likely to be considered contrary to, or not wholly in accordance with,

the policy framework or budget. In this context “contrary to the budget” may be as a result of:

- (a) initiating a new policy,
- (b) committing expenditure in future years to above the budget level.

25 It is ultimately the responsibility of Executive Directors to consult with the Chief Financial Officer on any matter which is liable to materially affect the Council’s finances before any commitments are incurred. The Chief Financial Officer has a legal duty to provide financial advice to the Council. Executive Directors should not, therefore, appoint financial consultants or outside advisers without consulting the Chief Financial Officer.

Virement

26 The Council is responsible for agreeing procedures for virements (transfer of funds between budgets).

27 Executive Directors are responsible for agreeing in-year virements within delegated limits subject to the approval of the Chief Financial Officer, or person delegated for this purpose by the Chief Financial Officer. Such approval shall be obtained prior to any virement or technical adjustment of budget.

Treatment of year-end balances

28 Cabinet is responsible for agreeing procedures for carrying forward under or overspendings on budget headings.

C(2) FINANCIAL REGULATION 2 - FINANCIAL PLANNING

Introduction

1 The Council is responsible for approving the following, which will be proposed by the Cabinet:

- the policy framework,
- the Council Plan,
- the Revenue Budget and Five Year Financial Plan,
- the Capital Programme and Treasury Management Strategy.

The Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies.

3 The Council is also responsible for determining when a decision will be deemed contrary to the budget and should therefore be referred to the Council by the Chief Financial Officer and/or Monitoring Officer.

4 The Cabinet is responsible for taking in year decisions on resources and priorities in order to deliver the budget within the financial limits set by the Council.

Preparation of the Council Plan

5 The Corporate Management Team, is responsible for proposing the Council Plan to the Cabinet for consideration before its submission to Council for approval.

BUDGETING

Budget guidelines

6 The Chief Financial Officer will issue guidelines on budget preparations to Members and Executive Directors in accordance with Council and Cabinet requirements. The guidelines will take account of:

- legal and consultation requirements,
- medium term planning prospects,
- available resources,
- spending pressures,
- relevant government guidelines,

- cross-cutting issues (where relevant).

Budget preparation

- 7 The Chief Financial Officer is responsible for ensuring that a revenue budget is prepared on an annual basis for consideration by the Cabinet before 8 February, and subsequent submission to the Council. The Council may amend the budget, or ask the Cabinet to reconsider it before approving it. The budget must, however, be approved and precepts notified to billing authorities prior to 1 March in accordance with the Local Government Act 1992.
- 8 The Chief Financial Officer is responsible for preparing a report in accordance with the Local Government Act 2003 which the Council must consider when it is making its statutory calculations required to determine its precept. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves for which the budget provides. The Department for Levelling Up, Housing and Communities advises that the professional advice of the Chief Finance Officer is required on these two questions, and that they are connected with matters of risk and uncertainty.
- 9 The Cabinet is responsible for issuing guidance on cash limits and the general content of the budget in consultation with the Chief Financial Officer as soon as possible following approval by the Council.
- 10 It is the responsibility of Executive Directors to ensure that annual revenue estimates reflecting agreed service plans and including all necessary resource plans and financial estimates are prepared in consultation with the Chief Financial Officer and are reported to the Cabinet.

Preparation of the Capital Programme and Treasury Management Strategy

- 11 The Chief Financial Officer, in consultation with the Corporate Management Team, is responsible for ensuring that a capital programme is prepared on an annual basis in accordance with the requirements of CIPFA's Prudential Code for Capital Finance in Local Authorities (2021) for consideration by the Cabinet, before submission to the Council.

C(3) FINANCIAL REGULATION 3 - CONTROL OF RESOURCES INCLUDING EMPLOYEES

Internal control

- 1 Internal control refers to the system of controls devised by management to help ensure the Council's objectives are achieved in a manner which promotes effective, efficient and economical use of resources and that the Council's assets and interests are safeguarded.
- 2 The Audit Committee is responsible for reporting to Cabinet and Council on matters arising from its review of internal control and governance and the Annual Governance Statement.
- 3 It is the responsibility of the Executive Directors to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve effectiveness, efficiency and economy and for achieving their financial performance targets.

Employees

- 4 The Head of Paid Service is responsible for providing overall management of employees. They are also responsible for ensuring that there is proper use of the job evaluation or other agreed systems for determining the grade and remuneration of a job.
- 5 Executive Directors are responsible for controlling total employee numbers by:
 - adjusting the employee numbers to that which can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs and in line with the Council's People Strategy.
 - the proper use of appointment procedures as defined in the Recruitment and Selection Guidelines.
 - any changes that incur significant expenditure or savings will require the relevant approval in line with the Council Constitution and its Delegations. A key decision or structure change that saves/costs more than £500,000 requires Cabinet approval.

Budget monitoring

- 6 The Chief Financial Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He/she must monitor the control of income and expenditure against budget allocation and report to the Cabinet on variances in line with the requirements of the budget monitoring policy.

- 7 It is the responsibility of Executive Directors to control income and expenditure within their area and to monitor performance and provide information to the Chief Financial Officer to ensure reporting is in line with the Budget Monitoring Policy. They should also take any action necessary to avoid exceeding their financial allocation. If the service is involved in the delivery of a traded or charged for service then these should be accounted for in accordance with any guidance issued for this purpose by the Chief Financial Officer.
- 8 Meetings between the Chief Financial Officer and Executive Directors are held monthly, to discuss the projected outturn, in accordance with the Budget Monitoring Policy.

Data management and security

- 9 Executive Directors must ensure that appropriate records, whether held in a manual or electronic format, are properly maintained and securely held.

Register of Members' interests

- 10 The Monitoring Officer is responsible for ensuring that the procedures agreed by Council for the registration of Members' interests comply with statutory requirements.

Risk Management and Insurance

- 11 The Cabinet is responsible, with advice from the Chief Financial Officer, for agreeing the Council's risk management policy and for effecting proper insurance.
- 12 The Council's Audit Committee will consider, every six months, a report on the Corporate Risk Register. It is also charged to consider any significant changes in the risk management policy or risks brought to the committee; and to regularly review the effectiveness of risk management by Executive Directors and their departments.
- 13 The corporate management team is responsible, with advice from the Chief Financial Officer, for jointly agreeing and promoting the corporate risk management strategy which implements the Council's risk management policy.

Executive Directors shall consult the Chief Financial Officer and Director of Legal Services before giving any indemnity on behalf of the Council

Executive Directors shall notify the Chief Financial Officer immediately of any loss, liability or damage, which may lead to a claim against the Council

Business continuity

- 14 Executive Directors are responsible for ensuring that all business-critical services and systems are identified, that systems so identified are adequately documented and that sound arrangements for the security and continuity of

service in the event of disruption or disaster are in place and have been tested periodically in advance where practicable

Security

- 15 Executive Directors should ensure that appropriate records, whether held in a manual or electronic format, are properly maintained and securely held. They are also responsible for ensuring that all business critical systems are identified, that systems so identified are adequately documented and that sound arrangements for the security and continuity of service in the event of disaster are in place and have been tested in advance where practicable.

C(4) FINANCIAL REGULATION 4 – SYSTEMS AND PROCEDURES

Decision making procedures

- 1 The Council is responsible for approving procedures for reporting its decision-making processes and the financial information associated with them. The Director of Legal Services should provide a system for the recording of the Council's decisions and for the secure storage of media used to record those decisions.

Income and expenditure

- 2 It is the responsibility of Executive Directors to ensure that a proper scheme of delegation has been established within their Departments, operating effectively and reviewed and updated annually to a standard determined by the Chief Financial Officer. It should identify employees authorised to act on behalf of the Cabinet, Cabinet Member or the Executive Director, in respect of payments, income collection, for placing orders and the award of contracts, together with the limits of their authority. The Council is responsible for approving procedures for writing off debts as part of its overall control framework of accountability and control.

Financial systems and procedures

- 3 The Chief Financial Officer is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any proposed changes by Executive Directors to existing financial and/or control systems or the establishment of new systems must consider the potential impact on the Internal Control framework and be reported to the Chief Financial Officer, raising any concerns as appropriate. The Chief Financial Officer will then formally consider the proposed changes. No changes may be actioned without the formal approval of the Chief Financial Officer.
- 4 Executive Directors are responsible for the proper and effective operation of financial processes and control systems within their own Departments.
- 5 Any changes to financial instructions and procedure notes by Executive Directors, to meet their own specific service needs, should be agreed by the Chief Financial Officer who will seek Cabinet approval where appropriate.
- 6 Executive Directors must ensure that they have sufficient, appropriately qualified employees and other resources to meet their responsibilities and must consult the Chief Financial Officer to ensure that such employees have received appropriate financial training.

Data protection

- 7 Executive Directors should ensure that, where appropriate, classes of information held on computer and other systems are notified to the Information Commissioner in accordance with Data Protection legislation and that employees are aware of their responsibilities under this legislation and the

Freedom of Information Act 2000 and The Environmental Information Regulations 2004.

C(5) FINANCIAL REGULATION 5 – EXTERNAL ARRANGEMENTS

- 1 The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders.
- 2 The Cabinet is responsible for approving delegations, including frameworks for partnerships. The Cabinet is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs. It is responsible for ensuring that the contractual arrangements for any work for third parties or external bodies are compatible with the aims and objectives of the Council.
- 3 The Council/Cabinet Members will decide on Member representation and the Corporate Management Team will decide on Officer representation of the Council on partnership and external bodies, as required by statute or the Council.
- 4 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial affairs and governance in partnerships that apply throughout the Council.
- 5 The Chief Financial Officer must specify the accounting and auditing arrangements to be adopted relating to partnerships and joint ventures and trading relationships and consider the overall corporate governance arrangements when arranging contracts with external bodies. Auditing arrangements should include, as a minimum, guaranteed rights of access for the Council's auditors at all times to all documents, records, employees and premises which relate to, or are provided by, the Council's contributions to the partnership, joint venture or trading relationship. He/she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 6 Executive Directors are responsible for:
 - ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies and third parties,
 - maintaining a register of all contracts/partnership agreements entered into with external bodies in accordance with procedures approved by the Director of Legal Services which must include details of :
 - the aims and objectives of the contract/partnership;
 - its approved duration;
 - the Council's commitment in terms of finance and other resources;
 - the framework by which the performance of the contract/partnership is to be monitored;

- exit strategy on completion or termination of the contract/partnership ensuring that before entering into agreement with external bodies, a risk management appraisal has been prepared;
- ensuring that such agreements and arrangements do not impact adversely upon the services provided for the Council;
- ensuring that all agreements and arrangements are properly documented;
- providing appropriate information to the Chief Financial Officer to enable a note to be entered into the Council's Statement of Accounts;
- ensuring that all Council employees designated/seconded to work on the contract/partnership are aware that, throughout such work, they continue to be bound by the policies, contractual requirements and financial regulations of the Council and remain accountable to the Council for their actions.

ANNEX 1: FINANCIAL MANAGEMENT AND CONTROL

- 1 Financial management standards
- 2 Managing and controlling spending
 - (a) revenue budget
 - (b) scheme of virement
 - (c) treatment of year end balances
- 3 Accounting policies
- 4 Accounting records and returns
- 5 Format of the accounts

1 FINANCIAL MANAGEMENT STANDARDS

Objectives

- 1 All Members and Officers have a duty to abide by the highest standards of probity in dealing with financial issues. This is achieved by ensuring everyone is clear about the standards to which they are working, and the controls that are in place to ensure that these standards are met.

Responsibilities of Chief Financial Officer

- 2 To ensure the proper administration of the Council's financial affairs.
- 3 To set financial standards in accordance with The CIPFA Financial Management Code, and to monitor their compliance.
- 4 To ensure proper professional practices are adhered to, and to act as head of profession in relation to the standards, performance and development of employees engaged in financial work throughout the Council.
- 5 To advise on the key strategic controls necessary to secure sound financial management.
- 6 To ensure that financial information is available to enable accurate and timely reporting of comparisons of national and local financial performance indicators.

Responsibilities of Executive Directors

- 7 To promote and ensure adherence to the financial management standards set by the Chief Financial Officer in their Departments.
- 8 To promote and ensure adherence to proper financial practices in relation to the standards, performance and development of employees in their Departments.

2 MANAGING AND CONTROLLING INCOME AND EXPENDITURE

A Revenue Budget

Objectives

- a.1 Budget management ensures that resources allocated by Members are used for their intended purposes and that these resources are properly accounted for. Budgetary control is a continuous process enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism to call to account managers responsible for defined elements of the budget.
- a.2 By identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The Council itself operates within an annual cash limit, approved in setting the overall budget. To ensure that the Council in total does not overspend, each service is required to manage its own income and expenditure within the cash limited budget allocated to it.

Key controls

- a.3 The key controls for managing and controlling the revenue budget are:
- (i) budget holders will be responsible for the income and expenditure on budget heads for which they have been assigned responsibility within their department and should not approve expenditure on behalf of others unless there is a formal delegation in place;
 - (ii) all budgeted income and expenditure is allocated to a named budget manager;
 - (iii) budget holders accept accountability for their budgets and the level of service to be delivered; and manage the resources within their control to ensure that budgets do not overspend the relevant cash limit
 - (iv) budget managers follow an approved authorisation process for all expenditure;
 - (v) income and expenditure is properly recorded and accounted for;
 - (vi) performance levels/levels of service are monitored in conjunction with the budget and necessary action taken to align service outputs and the budget.
- a.4 External workers

In this section an external worker is defined as anyone not directly employed by Derbyshire County Council

- (i) External workers cannot act as budget holders and cannot commit the Council to expenditure or make decisions which affect the Councils income.
- (ii) Executive Directors can authorise an exception to a.4(i) on a person by person basis but must:-
 - a. Notify the Chief Financial Officer that an exception has been authorised, and:-
 - b. Confirm in writing to the Chief Financial officer that appropriate controls are in place to monitor the actions approved by the external worker and that any the governance controls that apply to employees will apply equally to the external worker (for example declaration of interest)

Responsibilities of Chief Financial Officer

- a.5 To establish an appropriate framework of budgetary management and control which ensures that:
 - (i) budget management is exercised within annual cash limits unless the Council agrees otherwise;
 - (ii) each Executive Director has available timely information on income and expenditure on each budget heading, to enable managers to fulfil their budgetary responsibilities;
 - (iii) all officers responsible for committing expenditure and generating or collecting income must comply with corporate guidance and financial regulations and standing orders;
 - (iv) each budget head has a single named manager, determined by the Executive Director. Budget responsibility should be aligned as closely as possible to the decision-making which commits expenditure;
 - (v) significant variances from approved budgets are promptly investigated and the reasons for such variances are pursued with the responsible managers.
- a.6 To administer and ensure adherence to the Council's scheme of virement.
- a.7 To submit reports to the Cabinet and to Council, in consultation with the Executive Director, where a Executive Director is unable to balance expenditure and resources within existing approved budgets under his or her control.
- a.8 To prepare and submit reports on the Council's projected income and expenditure compared with the budget.

Responsibilities of Executive Directors

- a.9 To maintain budgetary control within the Department, in adherence to the principles in 2a.4 and to ensure that all income and expenditure is promptly and properly recorded and accounted for.
- a.10 To ensure that a single accountable budget officer is identified for each item of income and expenditure under the control of the Executive Director and that they carry out their responsibilities in line with the controls for managing and controlling budgets
- a.11 To ensure that spending remains within the service overall cash limit, and is not overspent, by monitoring the budget.
- a.12 To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the service plan and that any necessary action is taken.
- a.13 To prepare and submit to the Cabinet or Cabinet Member, where required, reports on the service's projected income and expenditure compared with its budget, in consultation with the Chief Financial Officer in accordance with the schedule in the Council's Budget Monitoring Policy
- a.14 To comply with the requirements of a.4 (ii).

a.15 To ensure prior approval by the Council for new proposals not included in the agreed budget or service plan. A report on new proposals should explain the full financial implications, after consultation with the Chief Financial Officer. Unless the Council has agreed otherwise, Executive Directors must plan to contain the financial implications of such proposals within their cash limit. The proposal must be in line with the requirements issued by the Chief Financial Officer and must not:

- (i) create material financial commitments in future years,
- (ii) initiate new policy or cease existing policies,
- (iii) materially extend or reduce the Council's services,
- (iv) create or identify material new sources of income,
- (v) where services are to be financed from government grant, sales of goods and services, or other external services, which are time limited, the proposal must contain an exit strategy that does not rely on future finance from Council Tax.

a.16 To ensure compliance with the Council's scheme of virement.

a.17 To consult with the relevant Executive Director where it appears that a budget proposal, including a virement proposal may impact materially on another service or Executive Director's level of activity.

a.18 To ensure that the departmental forward procurement plan, detailing all procurement requirements above £50,000 for the forthcoming 24 months is included as part of the departmental service plan and; where such requirements cannot be identified in the service plan, to seek approval of Cabinet or Cabinet Member (as appropriate) prior to commencing the procurement process.

2 MANAGING AND CONTROLLING INCOME AND EXPENDITURE

B Scheme of Virement

- b.1 The Council's scheme of virement is monitored by the Chief Financial Officer to ensure compliance with guidelines set by Council. Any variation from this scheme requires the approval of Council. A virement is defined as a movement across department. Other budget changes within departments are classed as technical adjustments and require the approval of the Chief Financial Officer or a person delegated for this purpose by the Chief Financial Officer.
- b.2 The Council approves annual budgets for each Department and Executive Directors and the budget holders are therefore authorised to incur expenditure in accordance with those estimates. The rules below cover virement, which is switching income and expenditure between Departments.
- b.3 The scheme of virement is intended to enable Executive Directors and their employees to manage budgets with a degree of flexibility within the financial control requirements of the Chief Financial Officer and the overall policy framework determined by the Council and, therefore, to optimise the use of resources. Executive Directors are expected to exercise their discretion in managing their budgets responsibly and prudently. In particular, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Executive Directors must plan to fund such commitments from within their own budgets.

Responsibilities of Chief Financial Officer

- b.4 Approve all budget movement (virements and technical adjustments) and prepare a joint report, with relevant Executive Directors, to the Cabinet where any virements greater than £500,000 per annum are proposed.

Responsibilities of Executive Directors

An Executive Director may exercise virements on budgets under his/her control within their Department in accordance with financial regulations as long as it has the approval of the Chief Financial Officer or an officer delegated by the Chief Financial Officer for this purpose and does not involve the following:

- (i) a new policy or policy change;
- (ii) does not result in an increase in commitment in future years which cannot be met from within existing budgets;
- (iii) does not compromise the policy/service objectives in the approved strategic plan (and related service plans).

Any virements not meeting these criteria shall be subject to approval by Cabinet.

- b.6 Amounts greater than £500,000 resulting in a virement of funds between Departments requires the approval of the Cabinet, following a joint report of the Chief Financial Officer and the Executive Director which must specify the proposed expenditure, the source of funding and must explain the implications in the current and future financial years.
- b.7 No virement relating to a specific financial year should be made after accounting period 14 of that year.
- b.8 Where an approved budget heading is designated by the Chief Financial Officer as a lump sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that the amount is used in accordance with the purposes for which it has been established and that the use or allocation of such budget shall be in accordance with control procedures agreed with the Chief Financial Officer.
- b.9 Executive Directors must ensure all interdepartmental virements have been approved in accordance with the requirements of Financial Regulations and other Governance arrangements and reported as part of the period end assurance framework.

2 MANAGING AND CONTROLLING INCOME AND EXPENDITURE

C Treatment of end of year balances

Objectives

- c.1 The Chief Financial Officer makes proposals to Cabinet on the treatment of balances.
- c.2 The rules below cover arrangements for the transfer of resources between accounting years, i.e. a 'carry forward'.

Key controls

- c.3 Appropriate accounting procedures are in place to ensure that carried forward totals are correct.

Responsibilities of Chief Financial Officer

- c.4 To administer the scheme of 'carry forward' within accounting policies and any other guidelines set by the Council.
- c.5 To report the extent of overspends and underspends on service estimates carried forward to the Cabinet.

Responsibilities of Executive Directors

- c.6 The Departmental outturn position will be reported to Cabinet after the end of the financial year along with the variances on the budgets that are deemed to be controllable. The Chief Financial Officer will determine which budgets are classed as controllable and non-controllable.

Over/underspends against controllable budgets can only be carried forward with the approval of Cabinet. Requests to carry forward and/or utilise previous years' underspends will normally be through the annual outturn report.

- c.7 Each school's surplus shall be carried forward to support the future expenditure of the school concerned. Any deficit will also be carried forward for the individual school to recover, if necessary, via a licensed deficit. Full details of the arrangements are contained within the Derbyshire Scheme for Financing Schools.

3 ACCOUNTING POLICIES

Objectives

- 1 The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts, in the format required by the CIPFA Code of Practice on Local Authority Accounting in the UK, for the financial year ending 31 March. The Audit Committee is responsible for reporting to Cabinet and Council on matters arising from its review of the accounting policies and Annual Accounts of the Council, and will play a pro-active role in promoting discussion on both the content of the Statement of Accounts and ongoing financial statements.

Key controls

- 2 The key controls for accounting policies are:
 - (a) suitable accounting policies are selected and applied consistently;
 - (b) judgements are made and estimates prepared which are reasonable and prudent;
 - (c) statutory and other professional requirements are observed to maintain proper accounting records;
 - (d) all reasonable steps have been taken for the prevention and detection of fraud and other irregularities.

Responsibilities of Chief Financial Officer

- 3 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies will be set out in the Statement of Accounts which is prepared at 31 March each year, and will cover such items as:
 - (a) the basis on which debtors and creditors at year end are included in the accounts,
 - (b) details on substantial provisions and reserves, and contingent liabilities,
 - (c) fixed assets,
 - (d) depreciation,
 - (e) capital charges,
 - (f) debt redemption,
 - (g) work in progress,
 - (h) stocks and stores,
 - (i) deferred charges,
 - (j) government grants,
 - (k) leasing,
 - (l) pensions,
 - (m) allocation of central support services.
 - (n) capital receipts.

- 4 To identify any significant changes in accounting policies, and to ensure that they are reported to, and approved by, the Audit Committee.

Responsibilities of Executive Directors

- 5 To adhere to the accounting policies approved by the Chief Financial Officer.

4 ACCOUNTING RECORDS AND RETURNS

Objectives

- 1 Proper accounting records are one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its Statement of Accounts to present fairly its operations during the year. These are subject to external audit. This provides assurance that the accounts are properly prepared and proper accounting practices have been followed.

Key controls

- 2 The key controls for accounting records and returns are:
 - (a) all Cabinet Members, finance employees and budget managers operate within the required accounting standards of the Council;
 - (b) all the Council's transactions, material commitments, and contracts and other essential accounting information have been recorded completely, accurately and on a timely basis;
 - (c) procedures are in place to enable accounting records to be reconstituted in the event of failure;
 - (d) balances and reconciliation procedures are carried out to ensure transactions are correct;
 - (e) the duty imposed on the Council by the Accounts and Audit Regulations to maintain an adequate and effective audit of its accounting records and its system of internal control.

Responsibilities of Chief Financial Officer

- 3 To determine all accounting procedures and the form of financial records for the Council.
- 4 To compile all accounts and accounting records, or ensure that they are compiled under his/her direction.
- 5 To comply with the following principles when allocating accounting duties:
 - (a) separating the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums from the duty of collecting or disbursing them;
 - (b) employees with the duty of examining or checking the accounts of cash transactions shall not themselves be engaged in these transactions.

- 6 To prepare, certify and publish the pre-audit statement of accounts of the Council for each financial year, in accordance with the statutory timetable, to make any necessary changes as a result of the external audit and for the Audit Committee to then approve the post-audit Statement of Accounts before the statutory deadline.
- 7 To ensure that retention periods for financial records are specified and promulgated throughout the Council. The periods for which documents are to be retained are separately specified.

Responsibilities of Executive Directors

- 8 To consult with and obtain the approval of the Chief Financial Officer before making any changes to the format of the accounting records and procedures.
- 9 To comply with the principles outlined in paragraph 5 when allocating accounting duties.
- 10 To maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements.
- 11 To supply the information required to enable the Statement of Accounts to be completed, in accordance with guidelines issued by the Chief Financial Officer.

5 FORMAT OF THE ACCOUNTS

Objectives

- 1 The format of the budget will determine the level of detail on which financial control and management will be exercised.

Key controls

- 2 The key controls for the budget format are:
 - (a) the format complies with all legal requirements;
 - (b) the format complies with CIPFA's Service Reporting Code of Practice.

Responsibilities of Chief Financial Officer

- 3 To advise the Audit Committee on the format of the budget.

Responsibilities of Executive Directors

- 4 To comply with accounting guidance provided by the Chief Financial Officer.

ANNEX 2: FINANCIAL PLANNING

- 1 Financial Strategy
- 2 Budgeting
 - (a) resource allocation
 - (b) capital programmes
 - (c) preparing revenue budgets in accordance with the Council's financial strategy
- 3 Use of reserves

1 FINANCIAL STRATEGY

Objectives

- 1 The aim of the Financial Strategy is to set out the framework for the financial operation of the Council in support of its strategic and policy objectives as set out in the Council Plan. The Financial Strategy serves to drive (in conjunction with the Council Plan and Service Plans) the Five Year Financial Plan, Capital Strategy, Capital Programme and Annual Revenue Budget. The aim of the Financial Strategy is to maximise, within existing policies, the resources available to the Council and to assist in the continuous improvement of the provision of cost effective and affordable service delivery.

Key Controls

- 2 The key controls for the Financial Strategy are:
 - (a) to ensure it is driven by the Council Plan;
 - (b) to ensure it is reviewed annually;
 - (c) to ensure the Financial Strategy drives the Five Year Financial Plan, Capital Programme and Annual Revenue Budget.

Responsibilities of Chief Financial Officer

- (a) to produce and update annually the Financial Strategy for approval by Cabinet;
- (b) to ensure Financial Regulations, the Five Year Financial Plan, Capital Programme and Annual Revenue Budget together with any other financial policies, plans and guidance are consistent with the Financial Strategy.

Responsibilities of Executive Directors

- (a) to contribute to the development of the Financial Strategy;
- (b) to ensure all financial policies, plans and guidance within Departments are consistent with the Financial Strategy.

2 BUDGETING

A Resource allocation

Objectives

- a.1 A mismatch often exists between those resources available and those required. A common scenario is that the available resources are not adequate to fulfil needs/desires. It is, therefore, imperative that resource allocation is carefully prioritised and the resources available are fairly allocated in order to fulfil all legal responsibilities. Resources will include employees, money, equipment (including ICT facilities, vehicles and plant) goods, materials, land and accommodation.

Key controls

- a.2 The key controls for resource allocation are:
- (a) resources are acquired using an approved authorisation process;
 - (b) resources are only used for the purpose intended by the Council, to achieve the approved policies and objectives, and are properly accounted for;
 - (c) resources are secured for use when required;
 - (d) resources are used with the minimum level of waste, inefficiency or loss for other reasons.

Responsibilities of Chief Financial Officer

- a.3 To advise on methods available for the funding of expenditure, such as grants from central government and other income and borrowing requirements.
- a.4 To assist in the allocation of income and expenditure to managers.

Responsibilities of Executive Directors

- a.5 To work within budget limits and to utilise resources allocated and further allocate resources in the most effective, efficient and economical way.
- a.6 To identify opportunities to minimise or eliminate resource requirement or consumption without a detrimental effect on service delivery, such as efficiencies, partnerships and collaborations, applying fees and charges or other commercial arrangements.

BUDGETING

B Capital programmes

Objectives

- b.1 Capital expenditure involves acquiring or enhancing assets with a long term value, such as land, buildings and major items of plant and equipment or vehicles. Capital assets shape the way services are delivered for the long term and create financial commitments for the future in the form of financing costs and revenue running costs.
- b.2 The Government places controls on the financing capacity of the Council. This means that capital expenditure should form part of a programme, should be carefully prioritised in order to comply with the Council Plan, maximise the benefit of scarce resources and comply with CIPFA's Prudential Code for Capital Finance in Local Authorities (2017).

Key controls

- b.3 The key controls for capital programmes are:
 - (a) specific approval by the Council of its Capital Strategy and Infrastructure Plan;
 - (b) the preparation of a project and estimates, including associated revenue expenditure, for appraisal and recommendation by the Capital Strategy Group and approval by the Cabinet;
 - (c) proposals for the purchase, lease of, or improvements and alterations to buildings must be approved by the Director of Property.

Responsibilities of Chief Financial Officer

- b.4 To prepare the Capital Strategy jointly with Corporate Management Team who will report the Strategy to the Cabinet for approval. The Cabinet will make recommendations on the capital estimates and on any associated financing requirements to the Council.

The Chief Financial Officer, in conjunction with Executive Directors, will compile the annual Capital Programme. This will contain schemes* (which are designed to meet a particular need or issue) and individual projects. The programme will be approved by Council in February each year. For the purposes of these regulations an individual scheme will be classed as a single project.

- b.5 To prepare and submit reports to Cabinet/Council on the projected expenditure and resources compared with the approved estimates on a regular basis.
- b.6 To issue guidance concerning capital schemes and controls for example on project appraisal techniques e.g. the Council's project appraisal and management toolkit. The definition of 'capital' will be determined by the Chief

Financial Officer, having regard to Government regulations and accounting requirements.

Responsibilities of Executive Directors

- b.7 To comply with guidance concerning capital schemes and projects and controls issued by the Chief Financial Officer.
- b.8 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Chief Financial Officer currently contained in the Council's project appraisal and management toolkit.

For schemes, an initial report will be taken to Cabinet to commit the scheme budget. Any balance remaining to be allocated at a later date will be dealt with under b.10.

Overspends

- b.9 Where there are overspends on a project, virement may only take place utilising capital resources with approval of the Chief Financial Officer, or an officer delegated by the Chief Financial Officer for this purpose in line with the following:
 - up to £250,000 by the Executive Director
 - from £250,000 to £500,000 to be approved by Cabinet Member
 - over £500,000, to be approved by Cabinet.

Where there may be the need to vire from a project that is funded by borrowing, this must be agreed with the Chief Financial Officer.

Any overspend that needs to be funded from an increase in borrowing will require the approval of Cabinet.

New Projects not already approved in the Capital Programme

- b.10 Any subsequent projects can be approved as follows:
 - up to £250,000 by the Executive Director
 - from £250,000 to £500,000 to be approved by Cabinet Member
 - over £500,000, to be approved by Cabinet.

Cabinet approval is required for any new Project to be funded from borrowing.

Corporate Contingency Funds

- b.11 The corporate contingency budget is funded by borrowing and is under the control of the Chief Financial Officer

The Chief Financial Officer will authorise the use of contingency funds up to £250,000. Over £250,000 will require Cabinet approval.

- b.12 The use of capital receipts can only be used with the approval in advance of the Chief Financial Officer.
- b.13 To nominate an officer who will act as sponsor for the project and an officer who will be responsible for the financial management of the project.

Where a department requests a feasibility study, then the cost of this will initially be borne by the department. If this then becomes a capital project, then the costs of the feasibility can be charged to the project

- b.14 To assist in the preparation of regular reports of the estimated final cost of schemes in line with the timetable set out by the Chief Financial Officer.
- b.15 To ensure that adequate records are maintained in respect of all capital contracts.
- b.16 To ensure that they do not enter into credit arrangements, such as borrowing or leasing arrangements, without the prior approval of the Chief Financial Officer and, if applicable, approval of the scheme through the Capital Programme.

* Examples of a scheme are Basic Need, Local Transport Plan, Schools Access initiative, Disabled Adaptations.
The Chief Financial Officer will determine which funding streams can be considered to be classed as a scheme for the purposes of these regulations.

2 BUDGETING

C Preparing revenue budgets in accordance with the Council's Financial Strategy

Objectives

- c.1 The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Council's plans and policies.
- c.2 The revenue budget must be constructed so as to ensure that resource allocation properly reflects the spending plans and priorities of the Council. Budgets (spending plans) are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent.
- c.3 Medium term planning (or a 3 to 5 year planning system) involves a rolling planning cycle in which the Council develops its plans. As each year passes another future year will be added to the Five Year Financial Plan. Medium term planning involves a minimum 5 year rolling planning cycle which ensures that the Council is always preparing for events in advance.

Key controls

- c.4 The key controls for budget preparations are:
 - (a) specific budget approval for all expenditure;
 - (b) budget managers accept accountability within delegations set by the Cabinet for their budgets and the level of service to be delivered;
 - (c) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and that any corrective action is taken.

Responsibilities of Chief Financial Officer

- c.5 To prepare and submit reports on budget prospects for the Cabinet, including resource constraints set by the Government. Reports should take account of medium term prospects, where appropriate.
- c.6 To determine the detailed form of revenue estimates, consistent with the general directions of the Council, and after consultation with the Cabinet and Executive Directors.
- c.7 To prepare and submit reports to the Cabinet on the aggregate spending plans of Departments and on the resources available to fund them; identifying, where appropriate, the implications for the level of Council Tax to be levied.
- c.8 To advise on the medium term implications of spending decisions.

- c.9 To encourage best use of resources and VfM by working with Executive Directors to identify opportunities to improve effectiveness, efficiency and economy, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- c.10 To advise the Council on Cabinet proposals in accordance with his responsibilities under Section 151 of the Local Government Act 1972.

Responsibilities of Executive Directors

- c.11 To prepare estimates of income and expenditure, in consultation with the Chief Financial Officer, to be submitted to the Cabinet for approval.
- c.12 To prepare budgets which are consistent with any relevant cash limits, the Council's annual budget cycle and guidelines issued by the Cabinet. The Chief Financial Officer shall prescribe the format in accordance with the Council's general directions.
- c.13 To integrate financial and budget plans into service plans, so that budget plans can be supported by financial and non-financial performance measures.
- c.14 To consult with Cabinet Members and relevant Executive Directors, where it appears that a budget proposal is likely to impact on another service or level of service activity.
- c.15 In consultation with the Chief Financial Officer and in accordance with the agreed guidance and timetable to prepare detailed draft revenue and capital budgets for consideration by the Cabinet and Council.
- c.16 To have regard to:
- spending patterns and pressures revealed through the budget monitoring process;
 - legal requirements;
 - policy requirements as defined by the Council;
 - initiatives already underway.

3 USE OF RESERVES

Objective

- 1 Reserves are maintained as a matter of prudence.

Key controls

- 2 To maintain reserves in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK, the Council's Reserve Policy and agreed accounting policies.

Responsibilities of Chief Financial Officer

- 3 To advise on prudent levels of reserves for the Council and to consider the advice of external audit in this matter.
- 4 To ensure that the nature and purpose of all reserves is clearly identified and that they conform to accepted accounting practice.
- 5 To approve all movements to and from reserves.
- 6 Where Cabinet/Cabinet Member has approved the budget for a scheme to spend resources in-year and there are commitments against the scheme at year-end, an earmarked reserve should be created for use by the Department in accordance with the Council's Reserves Policy.
- 7 Other reserves will be created by the Chief Financial Officer in line with accounting policies where necessary.
- 8 To ensure that the Council's Reserve Policy is reviewed on an annual basis

ANNEX 3: CONTROL OF RESOURCES INCLUDING EMPLOYEES

- 1 Internal controls
- 2 Audit requirements
 - a) internal audit
 - b) external audit
 - c) preventing financial irregularities
 - d) hospitality and gifts
- 3 Resources: Land, buildings, fixed plant and machinery
 - a) security
 - b) inventories
 - c) stocks and stores
 - d) intellectual property
 - e) private use of County Council facilities
 - f) asset disposal
- 4 Risk management and insurance
- 5 Treasury management
 - a) treasury management and banking
 - b) investments and borrowing
 - c) trust funds and funds held for third parties
 - d) imprest accounts
 - e) Money Laundering Regulations and Proceeds of Crime Act
- 6 Employees

1 INTERNAL CONTROLS

Objectives

- 1 The Council is complex and beyond the direct control of any one individual. It therefore requires internal controls to manage and monitor progress towards strategic objectives.
- 2 The Council has statutory obligations to meet and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 3 The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to identify, evaluate and control these risks.
- 4 The system of internal controls is established in order to provide measurable assurance of:
 - efficient and effective operations;
 - reliable financial information and reporting;
 - compliance with laws and regulations.

Key controls

- 5 Effective review on a regular basis.
- 6 Managerial control systems including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objectives of these systems are to promote ownership of the control environment by defining roles and responsibilities.
- 7 Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
- 8 An effective internal audit function which operates in compliance with the principles embodied in the Accounts and Audit Regulations 2015 (Regulations 3 and 5), the Public Sector Internal Audit Standards and with any other statutory obligations, regulations and professional Best Practice.

Responsibilities of the Chief Financial Officer

- 9 To assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations.

- 10 To ensure that the Council puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes.

Responsibilities of Executive Directors

- 11 To manage processes so as to ensure that established controls are being adhered to, and to evaluate their effectiveness, in order to be confident in the proper use of resources.
- 12 To update existing controls and establish and implement new ones following consultation with the Assistant Director of Finance (Audit) who will consider the potential impact on the Internal Control Framework, and report to the Chief Financial Officer, raising any concerns as appropriate. The Chief Financial Officer will then formally consider the proposed changes. No changes may be actioned without the formal approval of the Chief Financial Officer.
- 13 To ensure employees have a clear understanding of the consequences of a lack of proper internal control frameworks or the deliberate breach or circumvention of such frameworks.

2 AUDIT REQUIREMENTS

A INTERNAL AUDIT

Objective

- a.1 The Chief Financial Officer has a statutory responsibility for the overall financial administration of the Council's affairs. Under the requirements of the Accounts and Audit Regulations 2015 (Regulation 5) the Council is responsible for maintaining an adequate and effective internal audit.
- a.2 Internal Audit is an independent, objective assurance and consulting activity established by the Council designed to add value and improve the Council's operations. It assists the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Key controls

- a.3 The key controls for internal audit are:
- (i) that it remains independent in its planning and operation,
 - (ii) the Assistant Director of Finance (Audit) has direct access to the Audit Committee, Cabinet, Council and Executive Directors.
 - (iii) Internal Audit officers comply with the requirements of the Accounts and Audit Regulations 2015 (Regulations 3 and 5), the Public Sector Internal Audit Standards and professional Best Practice.

Responsibilities of Chief Financial Officer

- a.4 In accordance with Regulation 5 of the Accounts and Audit Regulations 2015, the Council is required to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Audit Standards or guidance.

Responsibilities of Assistant Director of Finance (Audit)

- a.5 The Assistant Director of Finance (Audit) or their authorised representative, shall have a right of access at all times to such records and documents, including computer data, and premises (in accordance with the protocol approved by Cabinet) of the Council as appear to them to be necessary for the purposes of the audit and shall be entitled to require from any Officer or Member of the Council such information and explanation as he/she thinks necessary for that purpose. The Assistant Director of Finance (Audit) shall provide relevant reports and advice to the officers concerned.
- a.6 The Assistant Director of Finance (Audit) is authorised to appraise the adequacy of procedures employed by Executive Directors to secure effectiveness, efficiency and economy in the use of resources.

- a.7 All cases of suspected fraud, misappropriation or misuse of money, materials or equipment, or any mismanagement of money or other assets, or any other irregularities, must be reported immediately to the Assistant Director of Finance (Audit) who will investigate all cases of suspected fraud and other irregularities. They will, on conclusion of the audit investigation, report to the appropriate Executive Director or Managing Director if appropriate, who will consider any legal proceedings and/or disciplinary action in consultation with the appropriate Executive Director(s), Director of Legal Services, Chief Financial Officer and Assistant Director of Finance (Audit).
- a.8 The Assistant Director of Finance (Audit) must maintain relevant Audit Plans which take account of the characteristics and relative risks of the activities involved which they will report to the Audit Committee for approval. They should liaise with Executive Directors on the audit plan and cover required. In addition to the statutory requirement this takes account of the need to seek added value, effective use of resources, improved performance and cost effective controls.
- a.9 Where an appropriate response to audit recommendations has not been made within a reasonable period, the Assistant Director of Finance (Audit) shall refer the matter to the appropriate Executive Director for resolution. Where resolution cannot be reached, the matter shall be referred to the Chair of the Audit Committee, as specified in that Committee's Terms of Reference.
- a.10 The Assistant Director of Finance (Audit) shall produce an annual report giving their opinion on the Council's framework of internal controls to the Audit Committee in accordance with the requirements of the Public Sector Internal Audit Standards.
- a.11 The Assistant Director of Finance (Audit) is responsible for the consideration of any changes that are proposed to existing financial, control and IT systems or the implementation of new systems that are referred to them in line with these regulations. They will consider the potential impact on the Internal Control Framework and report to the Chief Financial Officer, raising any concerns as appropriate. No changes may be actioned without the formal approval of the Chief Financial Officer.

Responsibilities of Executive Directors

- a.12 To ensure that internal and external auditors are given unrestricted access to all records, personnel, assets and premises (in accordance with the protocol agreed by Cabinet) as necessary for the purpose of their work.
- a.13 To ensure that auditors are provided with any information and explanations which they seek in the course of their work.
- a.14 To consider and respond within 20 working days to recommendations in audit memoranda and reports.
- a.15 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and effective fashion.

- a.16 To notify the Assistant Director of Finance (Audit) immediately of any suspected fraud, misappropriation or misuse of money, materials or equipment, or any mismanagement of money or other assets, or any other irregularities. Pending investigation and reporting, the Executive Director should in liaison with the Assistant Director of Finance (Audit) take all necessary steps to prevent further loss and to secure the integrity of records and documentation against removal, alteration or destruction.

- a.17 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with the Council's Assistant Director of Finance (Audit), prior to implementation. This regulation shall also apply to computer systems. The Assistant Director of Finance (Audit) will consider the potential impact on the Internal Control Framework and report to the Chief Financial Officer, raising any concerns as appropriate. The Chief Financial Officer will then formally consider the proposed changes. No changes may be actioned without the formal approval of the Chief Financial Officer.

2 AUDIT REQUIREMENTS

B EXTERNAL AUDIT

Objectives

- b.1 The Council has opted to use Public Sector Audit Appointments as part of a national joint procurement exercise to determine the Council's external auditor over the medium term.
- b.2 The Chief Financial Officer is responsible for working with the external auditor and for advising the Audit Committee, Cabinet, Council and Executive Directors on their responsibilities in relation to external audit. The external auditor has the same rights of access as the internal auditor to all documents that are necessary for audit purposes.
- b.3 The Act requires the Comptroller and Auditor General (C&AG) to prepare one or more codes of audit practice prescribing the way local auditors are to carry out their functions. This responsibility is important both nationally and locally in supporting auditors and underpinning a consistent, high-quality approach to the audit of local public bodies. The C&AG has taken the opportunity to prepare a single code covering the audit of different types of local public body. This reflects the fact that the core statutory responsibilities placed on the auditors of the different types of local public body covered by the Code are essentially the same.
- b.4 The basic duties of the external auditor are governed by Section 20 of the Act, under which auditors need to satisfy themselves that:
- the accounts comply with the requirements of the enactments that apply to them;
 - proper practices have been observed in the preparation of the statement of accounts and that the statement presents a true and fair view;
 - the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- b.5 The Council's accounts are scrutinised by external auditors who must be satisfied that the Statement of Accounts 'presents fairly' the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.

Key controls

- b.6 The C&AG provides a code of audit practice which prescribes how the external auditors carry out their functions.

Responsibilities of Chief Financial Officer

- b.7 To draw up the timetable for final accounts purposes and to advise staff and external auditors accordingly.
- b.8 To ensure that external auditors are given access to those premises, employees, documents and assets which the external auditors consider necessary for the purposes of their work.

Responsibilities of Executive Directors

- b.9 To ensure that external auditors are given access to those premises, employees, documents and assets which the external auditors consider necessary for the purposes of their work.
- b.10 To ensure that all paperwork and systems are up to date and available for inspection.

2 AUDIT REQUIREMENTS

C PREVENTING FINANCIAL IRREGULARITIES

Objectives

- c.1 The Council's Policy for the prevention of financial irregularities is set out in full in its Anti Fraud and Anti Corruption Strategy Policy and Fraud Response Plan - which are issued to all Members and Officers of the Council.
- c.2 The Council will not tolerate fraud and corruption in the administration of its responsibilities whether from inside or outside the Council.
- c.3 The Council's expectation of propriety and accountability is that Members and Officers at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- c.4 The Council also expects that individuals and organisations (e.g. suppliers, contractors, partner bodies and service providers) that it comes into contact with, will act towards the Council with integrity and without thought or actions involving fraud and corruption.
- c.5 The Audit Committee is charged with conducting an annual review and re-affirmation of the Council's Anti Fraud and Anti Corruption Strategy and the Fraud Response Plan. It will also review and approve the Council's strategy to ensure the adequate on-going training and awareness of all employees regarding anti fraud and corruption measures.
- c.6 The Council has in place an approved Whistleblowing The Confidential Reporting Code which applies to all employees, contractors working for the Council on Council premises, suppliers, those providing services to the Council in their own premises and members of the public. This Code provides a procedure for making confidential disclosures about suspected wrongdoing, irregularity or a failure of standards within the Council.
- c.7 The Audit Committee is charged with providing an annual report to Cabinet and Council on the continued adequacy and effectiveness of the Whistleblowing The Confidential Reporting Code, its publication and the strategy to ensure that both Members and Officers remain aware of, and comply with, its requirements.

Key controls

- c.8 The key controls regarding the prevention of financial irregularities are that:-
 - (a) the culture and tone of the Council is one of honesty and opposition to fraud and corruption;
 - (b) all Members and Officers act with integrity and lead by example;
 - (c) all individuals and organisations associated in any way with the Council will act with integrity;

- (d) senior managers are required to deal swiftly and firmly with those who defraud the Council or who are corrupt;
- (e) all employees should ensure that they remain aware of, and use, when appropriate, the Whistleblowing The Confidential Reporting Code.

Responsibilities of Chief Financial Officer

- c.9 To maintain adequate and effective audit arrangements for the Council.

Responsibilities of Assistant Director of Finance (Audit)

- c.10 To ensure that the outcome of investigations into potential fraud/irregularity are reported to the appropriate Executive Director(s) in accordance with the Council's agreed procedure.

Responsibilities of Executive Directors

- c.11 To notify the Assistant Director of Finance (Audit) immediately of any suspected fraud, misappropriation or misuse of money, materials or equipment, or any mismanagement of money or other assets, or any other irregularities. Pending investigation and reporting, the Executive Director should in liaison with the Assistant Director of Finance (Audit) take all necessary steps to prevent further loss and to secure the integrity of records and documentation against removal, alteration or destruction.
- c.12 To instigate the Council's disciplinary procedures where the outcome of an Audit investigation indicates improper behaviour.

2 AUDIT REQUIREMENTS

D SECONDARY EMPLOYMENT GIFTS AND HOSPITALITY

(See the requirements of the Council's Code of Conduct for Employees and Members)

Secondary Employment

d.1 The Council recognises that employees may undertake secondary employment (either within or outside of the council). A second job for the purpose of this advice is any job, paid or unpaid, with any employer and/or any type of self-employment. The carrying out of public duties does not count as a second job.

d.2 Any secondary employment you undertake must not, nor have the potential to:

- Create a conflict of interest, for example, working for a company that either supplies or buys from the Council, or is in competition with the Council;
- Overlap with official duties;
- Make use of Council resources (including knowledge, property or equipment);
- Weaken public confidence in the Council;
- Bring the Council into disrepute, for example by undertaking an activity that could be deemed to be incompatible with your role;
- Affect your performance or duties whilst at work.

Any secondary employment you undertake must:

- Be undertaken outside of your working hours with the Council;
- Be undertaken away from your place of work.

d.3 If undertaking secondary employment outside the Council, you must complete a Declaration of Interest and submit it to your Director/Executive Director and agree that it be recorded on any register of secondary employment maintained by your Department.

You will be expected to inform your manager of:

- The name of your second employer;
- The type of business in which the second employer is involved;
- The type of work involved;
- The proposed hours of work.

d.4 When considering accepting secondary employment, either within or external to the Council, you must consider the implications of the working time directive which stipulates the maximum hours you should work in a week and required rest breaks. In particular, if you will be working over 48 hours per week in your combined roles, you must inform your manager, as this is in contravention of the Working Time Regulations, and you may be required to sign an opt out agreement.

- d.5 If any conflict between your roles is identified, you must resolve the conflict in favour of your role and duties with the Council.

EGIFTS

- d.6 You may accept 'token' gifts from customers, contractors or service users up to the value of £50. Acceptable examples are calendars, diaries, pens or chocolates. All gifts should be reported to your manager.

You must not accept gifts worth more than £50 and you must report such offers to your Executive Director.

You must refuse any offer of a gift where you suspect that an improper motive may exist – i.e. the giver is seeking to influence your decisions or actions and you must report such offers to your Executive Director. This is the case regardless of the monetary value of the offer.

In no circumstances should you accept a monetary gift (including gift vouchers) and again, you must report such offers to your Executive Director.

Hospitality

- d.7 You should only accept hospitality (meals/refreshments) if there is a genuine need to impart information or to represent the Council. You should also ensure that accepting the hospitality does not create a conflict of interest and is not likely to cause embarrassment to the Council.

You should report the offer of hospitality, whether accepted or not, to your line manager, and should ensure that all such offers are recorded in the appropriate hospitality register.

Responsibilities of Executive Directors

- d.8 To maintain an appropriate register detailing secondary employment for staff within the Department and ensure that this register is subject to periodic review.
- d.9 To maintain an appropriate register of gifts and hospitality including details of any offers which have been declined and ensure that this register is subject to periodic review.

3 RESOURCES: Land, buildings, fixed plant and machinery

A SECURITY

Objectives

- a.1 The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets should be safeguarded and used efficiently in the delivery of services, and that there should be arrangements for the security of both assets and service operations.

Key controls

- a.2 The key controls for the security of resources such as land, buildings, fixed plant and machinery are:-
- (a) resources are acquired using an approved authorisation process;
 - (b) resources are used only for the purposes of the Council and properly accounted for;
 - (c) resources are secured to be available for use when required;
 - (d) resources no longer required are promptly disposed of in accordance with the law and the regulations of the Council so as to maximise benefits.

Responsibilities of Chief Financial Officer

- a.3 To ensure that an asset register is maintained in accordance with good practice which records plant and machinery and all moveable assets of a material value currently owned, or used, by the Council.
- a.4 To receive that information from each Executive Director required for accounting, costing and financial records.

Responsibilities of Director of Property

- a.5 The Director of Property shall act in the capacity of corporate landlord for any property owned or leased by the Council.
- a.6 The Director of Property shall maintain a property database, for all land and properties currently owned or used by the Council.
- a.7 To ensure the ongoing provision of effective security arrangements for the Council's buildings and other assets.
- a.8 To record all disposals of assets, which shall be in accordance with the Council's agreed procedure.

Responsibilities of Executive Directors

- a.9 To formally notify the Chief Financial Officer/Director of Property at the earliest opportunity of the requirement to purchase, take possession of or dispose of any material asset so that the Chief Financial Officer/Director of Property can arrange to process the transaction.
- a.10 Where there is no contractual obligation, expenditure on rented property shall be subject to consultation with the Director of Property.
- a.11 Any use of property by a Department or establishment other than for service delivery should be supported by documentation identifying terms, responsibilities and duration of the use.
- a.12 To ensure that lessees and other prospective occupiers of Council land and/or premises are not allowed to take possession or enter the land and/or premises until a lease or agreement, in a form approved by the Director of Property/Director of Legal Services has been established as appropriate.
- a.13 The Council operates a corporate landlord model. Where land or buildings are surplus to the requirements, they must be passed to the Director of Property for re-use or disposal. The timeframe of any virement of costs will be agreed between the department and the Chief Financial Officer or person so delegated based upon a realistic disposal date for the asset. Any residual assets and costs not subject to these arrangements will remain the responsibility of the department.
- a.14 To pass title deeds to the Director of Legal Services who is responsible for custody of all title deeds.
- a.15 To ensure that no Council asset is subject to personal use by an employee without proper authority.
- a.16 To ensure the safe custody of vehicles, equipment, furniture, stocks, stores and other property belonging to the Council.
- a.17 To ensure that the Department maintains an up-to-date register of all plant machinery and moveable assets in accordance with arrangements defined by the Chief Financial Officer.
- a.18 To ensure assets are identified, their location recorded and that they are appropriately marked and insured.
- a.19 To consult the Chief Financial Officer and Director of Property in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- a.20 To ensure cash holdings on premises are kept to a minimum.

- a.21 To ensure that keys to safes and similar receptacles are carried on the person responsible at all times; loss of any such keys must be reported to the Chief Financial Officer as soon as possible.
- a.22 To ensure the valuation of assets for accounting purposes meets the requirements specified by the Chief Financial Officer.
- a.23 To ensure that all their employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value and its disclosure or loss could result in a cost to the Council in some way. Employees are governed by the requirements of the Data Protection and Computer Misuse Acts and should comply with the guidance provided by the Information Security Policy. Measures to protect the Council's resources include maintaining the confidentiality of passwords and ensuring that manual and electronic data is held in secure locations.

3 RESOURCES: Land, buildings, fixed plant and machinery

B INVENTORIES

Responsibilities of Executive Directors

- b.1 To maintain inventories, and to record an adequate description of the items they contain (including ICT equipment). All items with a purchase price where known or estimated purchase cost greater than £1000 should be recorded.
- b.2 To carry out an annual check of all items on the inventory in order to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and dvd players whose purchase price may not exceed £1000 should prudently be both recorded on the inventory and identified with security marking as belonging to the Council.
- b.3 To ensure that property is only used in the course of the Council's business.

3. RESOURCES: Land, buildings, fixed plant and machinery

C STOCKS AND STORES

Joint responsibilities of Executive Directors and Chief Financial Officer

- c.1 To make arrangements for the care and custody of stocks and stores in the Department.
- c.2 To ensure stocks are maintained at reasonable levels and subject to a regular independent physical check. All discrepancies should be recorded, investigated and pursued to a satisfactory conclusion.
- c.3 To write-off discrepancies and obtain appropriate approval in accordance with the limits set out on the approved scheme of financial delegation
- c.4 To authorise or write-off disposal of redundant stocks and equipment. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction unless following consultation with the Chief Financial Officer, the Cabinet decides otherwise in a particular case.
- c.5 To write-off redundant stocks and equipment and obtain appropriate approval in accordance with the approved scheme of financial delegation.
- c.6 All discrepancies on stocks and stores should be taken seriously. Where there is any suspicion that the discrepancy is a result of theft or fraudulent activity, this must be reported to the Assistant Director of Finance (Audit) immediately.
- c.7 Where concerns relate to the operation and management of the store, the discrepancy should be investigated by relevant Departmental staff. However, if concerns arise during this review that there may be potential dishonesty/fraudulent activity, the matter must be reported to the Assistant Director of Finance (Audit) immediately.
- c.8 Any stocks and stores discrepancies may only be written-off after the discrepancy has been investigated.
- c.9 Accounting policies require the Chief Financial Officer to reflect the true value of Stocks and Stores at the financial year end. This may require amounts to be written off before approval is obtained. When this occurs, retrospective approval should be sought.

3 RESOURCES: Land, buildings, fixed plant and machinery

D INTELLECTUAL PROPERTY

(see the requirements of the Council's Code of Conduct for Employees)

Objectives

- d.1 Intellectual property is a generic term that includes inventions, computer programs and writings. If the employee during the course of employment creates these, then as a general rule they belong to the employer, not the employee. Various Acts of Parliament cover different types of intellectual property.
- d.2 Certain activities undertaken within the Council may give rise to items which may be patentable. These are collectively known as intellectual property.

Key Controls

- d.3 In the event that the Council decides to become involved in the commercial exploitation of inventions, the matter should only proceed following consultations with, and taking advice from, the Director of Legal Services on a case by case basis.

Responsibilities of Executive Directors

- d.4 To ensure that employees are aware that they should not make use of the County Council's intellectual property to conduct private work.

3 RESOURCES: Land, buildings, fixed plant and machinery

E PRIVATE USAGE OF COUNTY COUNCIL FACILITIES

(See the requirements of the Council's Codes of Conduct for Employees and Members)

- e.1 Employees are reminded that equipment or facilities of the Council may not be used for personal purposes. Where an explicit policy has been approved by Cabinet to provide for limited, personal use within a regulated framework, employees are reminded that the Council may legitimately monitor such private use to ensure compliance with that framework. Employees may not conduct outside work on the Council's premises or use its facilities or equipment for such purposes.

County Council facilities include, but are not limited to:

- Property
- Vehicles
- Telecommunications equipment
- Photocopiers/printers
- Computer hardware
- Software.

3 RESOURCES: Land, buildings, fixed plant and machinery

F ASSET DISPOSAL

Objective

- f.1 It would be unsatisfactory and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and regulations of the Council.

Key Controls

- f.2 Assets are disposed of at the most appropriate time and only when it is in the best interests of the Council and that the best price is obtained. For items of significant value, disposal should be by competitive tender or public auction. Waste electrical and electronic equipment should be disposed of in compliance with the Waste Electrical and Electronic Equipment Regulations 2006.

Responsibilities of Chief Financial Officer

- f.3 To advise on best practice for disposal of assets.
- f.4 To ensure appropriate accounting entries are made.

Responsibilities of Executive Directors

- f.5 To seek advice from the Chief Financial Officer on the disposal of surplus or obsolete materials, stores or equipment.
- f.6 To ensure that income received for disposal of an asset is properly banked and coded.

4 RISK MANAGEMENT AND INSURANCE

Objectives

- 1 Consideration and management of risk is central to decisions about service development and in day-to-day operational activity. Risk is the element of uncertainty in any decision and activity which could affect the intended outcomes in a positive or negative way. Risk management is the planned and systematic approach to the identification, evaluation and control of risk to increase the likelihood of a successful outcome and to reduce the possibility of loss, damage or injury to the Council or third parties.
- 2 The Council faces many risks to the achievement of its objectives, people, property and continued operations. By reducing, or even preventing, risk the Council will improve service delivery and the effective use of resources, reduce potential stress for service users and employees, and benefit from reduced costs of providing insurance cover, losses and in handling insurance claims.

Key Controls

- 3 The key controls for risk management and insurance are:
 - a corporate risk management policy agreed by Cabinet.
 - a corporate risk appetite statement, agreed by Cabinet, to guide officers in making decisions about acceptable levels of risk in each service area.
 - a corporate risk management strategy, agreed by the corporate management team, to implement the council's risk management policy and guidance on risk appetite.
 - the promotion and education about effective risk management throughout the council to embed this in the culture, policy and practice of the authority.
 - the inclusion of an assessment of all key risks in Cabinet reports submitted for decision to inform sound decision-making.
 - procedures in place in each department to continuously and systematically identify, assess, accept, reject or control and review material risks, and to regularly monitor the effectiveness of risk controls.
 - managers are made aware of the risks for which they are responsible and provided with relevant information on risk management.
 - internal and external insurance provision is provided as appropriate for insurable risks and potential claims against the council, with procedures in place to handle claims within required timescales.

- financial provision for uninsured losses is made in corporate reserves and departmental budgets.
- a review of the council's Corporate Risk Register is made by the corporate management team, Cabinet and Audit Committee, every six months,
- regular consideration of the effectiveness of the Council's risk management policy, corporate risk management strategy and implementation of risk management and insurance arrangements by the corporate management team and Audit Committee.
- corporate support, challenge and assurance of risk management arrangements by the Chief Financial Officer and audit, risk & insurance team.

Responsibilities of Chief Financial Officer

- 4 As the Council's 'Chief Risk Officer', to advise the Cabinet, Audit Committee and corporate management team on all corporate risk management policy and strategy matters.
- 5 To prepare the Council's risk management policy for approval by the Cabinet.
- 6 To develop and agree a corporate risk management strategy with the corporate management team.
- 7 To promote the risk management policy, corporate risk management strategy and best risk management practice within the council.
- 8 To advise the Cabinet on insurance policy and appropriate cover.
- 9 To effect corporate insurance cover, through external insurance and internal funding, and negotiate all claims in consultation with other officers where necessary.
- 10 To approve annual insurance renewals within the Long Term Agreement.
- 11 To include all appropriate employees of the County Council in a suitable fidelity guarantee insurance.
- 12 To offer insurance cover to schools in accordance with Fair Funding arrangements.

Responsibilities of the Director of Legal and Democratic Services

- 13 To litigate and defend claims which cannot be settled through normal insurance claims processes.
- 14 Settle claims against the Council by its employees where there is no legal liability up to a limit of £300 in any case, in respect of damage to or loss of personal property occurring in the course of their duties. Provided that there is no contributory negligence, the settlement to be on the following basis: -
 - (a) for repairs to clothing or other property - full cost;
 - (b) for replacement of clothing or other property (where repair was impracticable) - three quarters of reasonable replacement cost.

Responsibilities of Executive Directors

- 15 To lead and promote effective risk management as a member of the corporate management team and in their department, having regard to the council's risk management policy and corporate risk management strategy, and advice from the Chief Financial Officer and other specialist officers (e.g. Risk and Insurance, Emergency Planning, Crime Prevention, Fire Prevention, Health and Safety).

- 16 To ensure that there are regular reviews of risks within their Departments and that the corporate risk database is updated at least each quarter.
- 17 To notify the Chief Financial Officer promptly of all new risks, activities, properties, vehicles, plant or equipment, which require insurance, and of any changes, alterations and disposals affecting existing insurances.
- 18 To consult the Chief Financial Officer and the Director of Legal and Democratic Services on the terms of any indemnity that the Council is requested to give before agreeing to such indemnity.
- 19 To ensure that Council employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation which may prejudice the assessment of liability in respect of any insurance claim.
- 20 To notify the Chief Financial Officer immediately of any loss, liability or damage which may lead to a claim against the Council, irrespective of any insurance cover, together with any information or explanation required by the Chief Financial Officer or the Council's insurers.
- 21 To promptly initiate insurance claims by the Council for loss, liability or damage in accordance with the approved arrangements.

5 TREASURY MANAGEMENT

Objectives

- 1 The County Council is responsible for the in-house management and investment of many hundreds of millions of pounds in respect of both itself and the Derbyshire Pension Fund. Codes of Practice aim to provide assurances that the Council's money is properly managed in a way which balances risk with return.

A Treasury Management and Banking

Responsibilities of Chief Financial Officer

- a.1 To arrange the borrowing and investments of the Council in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Council's Treasury Management Policy Statement.
- a.2 To report at least twice a year to the Audit Committee/Cabinet on treasury management activities.
- a.3 To operate bank accounts as are considered necessary within the terms of the banking arrangement. Opening or closing any bank account shall require the prior approval of the Chief Financial Officer.

Responsibilities of Executive Directors

- a.4 To ensure that the Council's Treasury Management Practices as set out in the Treasury Management Manual are followed and regularly reviewed.

B Investments and Borrowing

Responsibilities of Chief Financial Officer

- b.1 To ensure that all investments of money are made in the name of the Council, or school in the case of a school operating an approved bank account, or in the name of nominees approved by the Council.
- b.2 To ensure that:-
- all negotiable instruments which are the property of the Council or its nominees are securely held by the Council's External Custodian;
 - the title deeds of all property and land in the Council's ownership are passed to the Director of Legal Services who will maintain their safe custody;
 - other share certificates relating to investments in Unquoted Companies, which are the property of the Council or its nominees, are securely held by the Chief Financial Officer; and
 - all investments on behalf of the Council in Strategic Pooled Funds are independently validated by the Council's appointed external audit provider.
- b.3 To effect all borrowings in the name of the Council.
- b.4 To act as the Council's registrar of stocks, bonds, and mortgages, and to maintain records of all borrowing of money by the Council.

Responsibilities of Executive Directors

- b.5 To ensure that no loans are made to third parties and no interests are acquired in companies, joint ventures, or other enterprises without the approval of the Council, following consultation with the Chief Financial Officer.

C Trust Funds and Funds held for Third Parties

Responsibilities of Executive Directors

- c.1 To arrange that all trust funds are in the name of the Council. Trust funds should not be held in the name of individual officers. All officers acting as trustees by virtue of their official position shall deposit securities etc. relating to the trust with the Chief Financial Officer/Director of Legal Services unless the deed otherwise provides.
- c.2 To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Chief Financial Officer and maintain written records of all transactions.
- c.3 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust, and to contact the Director of Legal Services as appropriate.

D Imprest Accounts

Responsibilities of Chief Financial Officer

- d.1 To provide employees of the Council with cash or bank imprest accounts to meet minor expenditure and low value purchasing on behalf of the Council and to prescribe rules for operating these accounts.
- d.2 To maintain a record of all petty cash advances made and periodically review the arrangements for the safe custody and control of these advances.
- d.3 To record and maintain the issue of debit cards held against imprest accounts, and in conjunction with Executive Directors ensure the debt and charge cards are used in accordance with the Corporate Debit/Charge Card Policy
- d.4 To reimburse imprest holders as often as necessary to restore the imprest balance in accordance with the Imprest Management Programme guidance.

Responsibilities of Executive Directors

- d.5 To ensure that employees operating an imprest account:
 - (a) Operate the account in accordance with the Imprest Management Program Guidance and comply with the Corporate Debit/Charge Card Policy ensuring that the Chief Financial Officer is informed of any card holders no longer authorised to hold cards and that they have been securely destroyed
 - (b) obtain and retain vouchers and receipts to support each payment from the imprest account. Where appropriate an official receipted VAT invoice must be obtained;
 - (c) make adequate arrangements in their office for the safe custody of the account;
 - (d) produce upon demand by the Chief Financial Officer, cash and all vouchers to the total value of the imprest amount;
 - (e) record transactions promptly;
 - (f) reconcile and balance the account at least monthly; reconciliation to be recorded within the Council's Imprest Management Programme;
 - (g) do not overdraw the imprest bank account,
 - (h) ensure that the imprest is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of any surplus monies remaining from purchases which have been funded by an advance;

- (i) operate in accordance with Section 115 of the Local Government Act 1972 whereby any officer employed by the Council shall at such times during the continuance of his/her office or within three months of ceasing to hold it and, in such a manner as the Council may direct, make out and deliver to the Council a true account in writing of all money and property committed to his/her charge, and of his/her receipts and payments with vouchers and other documents and records supporting the entries contained, and a list of persons from whom or to whom money is due in connection with this office, showing the amount due from or to each;
- (j) do not purchase goods on behalf of the Council using a personal store/loyalty card.
- (k) no payment is made from an imprest account to fund the purchase of foreign currency for the purposes of defraying expenditure in connection with authorised overseas visits. However, the use of debit or pre-paid cards abroad is permitted if operated in accordance with the Corporate Debit/charge Card Policy. Any foreign currency requirements should be processed by Exchequer Financial Services;
- (l) all discrepancies on imprest accounts should be taken seriously. Where there is any suspicion that the discrepancy is a result of theft or fraudulent activity, this must be reported to the Assistant Director of Finance (Audit) immediately;
- (m) where concerns relate to the operation and management of the account, the discrepancy should be investigated by relevant Departmental staff. However, if concerns arise during this review, that there may be potential dishonesty/fraudulent activity, the matter must be reported to the Assistant Director of Finance (Audit) immediately;
- (n) any imprest account imbalances may only be written-off in accordance with the scheme of delegation after the discrepancy has been investigated;
- (o) approval must be sought by the Chief Financial Officer or their delegated officer to use imprest accounts for other income and expenditure streams that cannot be processed efficiently via the main council accounts.

E Money Laundering Regulations and Proceeds of Crime Act

- e.1 Money laundering is a term used for a number of offences involving the proceeds of crime or terrorist funds. It also includes the processing, or in any way dealing with, or concealing, the proceeds of crime.
- e.2 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 place specific obligations on employees responsible for handling and processing cash transactions.

Key controls

- e.3 It is Council policy not to accept individual cash payments of more than £2,500.
- e.4 Where the transaction is under £2,500 and there are reasonable grounds to suspect money laundering activities, proceeds of crime or it is suspicious, the matter must be reported to the Council's nominated anti-money laundering officer.

Responsibilities of Chief Financial Officer

- e.5 The Chief Financial Officer should ensure that appropriate arrangements are in place to inform and provide training to all relevant Officers in respect of the requirements placed upon them by this legislation. They will also determine and maintain appropriate internal reporting procedures including the nomination of an Officer whose job is to receive disclosures from anyone in the organisation who is suspicious of money laundering and report this to the National Crime Agency.

Responsibilities of Executive Directors

- e.6 Executive Directors should ensure that all employees are made aware of the Anti-Money Laundering Policy and receive appropriate training on their obligations under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the duty to notify the Chief Financial Officer of any known or suspected money laundering activities.

6 EMPLOYEES

Objectives

- 1 In order to provide the highest level of service, it is essential that the Council recruits and retains high calibre, knowledgeable employees, qualified to an appropriate level. An appropriate Human Resources Strategy and policies should exist, in which HR requirements and budget allocation are aligned.

Key controls

- 2 The key controls for human resources are:
 - (a) that workforce planning is in place for forecasting HR requirements and cost;
 - (b) that procedures are in place for monitoring employee expenditure against budget;
 - (c) that controls are implemented which ensure that employee time is used efficiently and benefits the Council.

Responsibilities of the Director of People & Organisational Change

- 3 To act as an advisor to Executive Directors on areas such as PAYE, National Insurance and pension contributions as appropriate.

Responsibilities of Executive Directors

- 4 To monitor employee activity to ensure the maintenance of adequate control over such costs as sickness, overtime, training and temporary employment costs.
- 5 To ensure that effective management and supervision protocols exist to validate the accuracy and integrity of working times recorded and expenses claimed.
- 6 To ensure that the requirements of the Recruitment and Selection Policy in respect of the validation of qualifications claimed and references regarding previous employment are followed. Similarly that for all posts requiring Disclosure and Barring Service checks, these checks are completed prior to the employee taking up appointment and appropriate evidence retained.

ANNEX 4: SYSTEMS AND PROCEDURES

- 1 General
- 2 Income
- 3 Payments to Members and employees
- 4 Ordering and paying for work, goods and services
- 5 Taxation

1 GENERAL

Objectives

- 1 Executive Directors operate many systems and procedures relating to the control of the Council's assets, including purchasing, costing and management systems. Departments are reliant on IT for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 2 The Chief Financial Officer has a professional responsibility to ensure any proposed changes by Executive Directors to existing financial and/or control systems or the establishment of new systems must consider the potential impact on the Internal Control framework. The Chief Financial Officer will then formally consider the proposed changes. No changes may be actioned without the formal approval of the Chief Financial Officer.

Key Controls

- (a) Basic data exists to enable the Council's objectives, targets, budgets and plans to be formulated;
- (b) performance is communicated to the appropriate managers on an accurate, complete and timely basis;
- (c) early warning is provided of deviations from target, plans and budgets that require management attention;
- (d) operating systems and procedures are secure;
- (e) an ongoing audit of the Council's activities and control systems both financial and operational is maintained.

Responsibilities of Chief Financial Officer

- 3 To make arrangements for the proper administration of the Council's financial affairs, including to:
 - (a) issue advice, guidance and procedures for the Council's Members, Officers and others acting on its behalf (Chief Financial Officer);
 - (b) determine the accounting systems, form of accounts and supporting financial records (Chief Financial Officer);
 - (c) review any proposed changes to existing financial and/or control systems or the establishment of new systems and consider the potential impact on the Internal Control Framework raising any concerns with the Assistant Director of Finance (Audit). The Chief Financial Officer will then formally consider the proposed changes. No changes may be actioned without the formal approval of the Chief Financial Officer;

- (d) agree the Departmental Scheme of Financial Delegation proposed by Executive Directors annually (Chief Financial Officer) in respect of departmental specific elements ensuring the integrity is maintained within the overall standardised Scheme of Financial Delegation.

Responsibilities of Executive Directors

- 4 To ensure that accounting records are properly maintained and held securely.
- 5 To ensure that vouchers and documents with financial implications are retained in accordance with arrangements approved by the Chief Financial Officer.
- 6 To ensure that a complete audit trail, allowing financial transactions to be traced from the original document to the accounting records and vice versa, is maintained.
- 7 To incorporate appropriate controls to ensure that:
 - (a) all input is genuine, complete, accurate, timely and not previously processed;
 - (b) all processing is carried out in an accurate, complete and timely manner;
 - (c) output from the system is complete, accurate and timely.
- 8 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and minimise the risk of fraud or other malpractice.
- 9 To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- 10 To ensure that all business critical systems are identified, documented and appropriate officers trained in their operation.
- 11 To consult with the Assistant Director of Finance (Audit) before changing any existing system or introducing new systems.
- 12 To establish the departmental elements for inclusion in the scheme of delegation identifying officers authorised to act upon the Executive Director's behalf in respect of payments, income collection, imprest accounts and placing orders, including variations and determining the limits of their authority in line with the standardised limits agreed by the Chief Financial Officer. The Scheme of Delegation should be reviewed and updated annually and agreed with the Chief Financial Officer.
- 13 To supply lists of authorised officers where appropriate, with specimen signatures and delegated limits, to the Chief Financial Officer, together with any subsequent variations.

- 14 To ensure that effective contingency arrangements, including back up procedures, exist for computer systems. Wherever possible, back up information should be securely retained in a fireproof location, preferably off site, or in an alternative location within the building.
- 15 To ensure that, where appropriate, all systems containing personal data are identified and registered in accordance with the Data Protection legislation and that staff are aware of their responsibilities under Data Protection legislation.
- 16 To ensure that relevant standards and guidelines for computer systems issued by the Director of IT are observed.
- 17 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism etc.
- 18 To comply with the Copyright, Designs and Patents Act 1988 and in particular, ensure that:
 - (a) only software legally acquired and installed by the Council is used on its computers and appropriate licences are retained;
 - (b) staff are aware of legislative provisions;
 - (c) in developing systems, due regard is given to the issue of intellectual property rights.
- 19 To ensure that employees are aware of their obligations to comply with and observe electronic access controls, maintain security and confidentiality of electronic identifiers and passwords and their duty to comply with the requirements of the Computer Misuse Act 1990.

2 INCOME

Objectives

- 1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all of the income due is identified, collected, receipted and banked promptly and properly.

Key Controls

- 2 The key controls for income are:
 - (a) all income due to the Council is identified and charged correctly;
 - (b) all income is collected from the correct person, at the right time using the correct procedures and the approved recording systems;
 - (c) all money received by an employee on behalf of the Council is paid intact and without delay to the Chief Financial Officer or as he/she directs, to the Council's bank, and properly recorded;
 - (d) effective action is taken to pursue non-payment within defined timescales;
 - (e) the County Council does not accept individual cash payments with a value in excess of £2,500; unless potential safeguarding and security issues have been identified in which case monies will be reconciled and stored securely until banked or future arrangements such as deputyship are in place.
 - (f) The Chief Financial Officer or his delegated officer as prescribed in the scheme of delegation, will have the authority to write off any debt where all reasonable measures have been taken to recover the debt or it is uneconomical to pursue or may cause reputational damage to the Council. Budget Monitoring reports to both management and Members will include an analysis of the latest departmental debt recovery positions.
 - (g) appropriate write off action is taken within defined timescales;
 - (h) appropriate financial provisions are made for bad or doubtful debts;
 - (i) appropriate accounting adjustments are made following write off;
 - (j) all appropriate income documents are retained and stored for the defined period in accordance with the "Guidelines on the Retention of Financial Records".

Responsibilities of Chief Financial Officer

- 3 To agree arrangements for the collection of all income due to the Council and approve the procedures, systems and documentation for its collection.
- 4 To approve all receipt forms, books or tickets and similar items and satisfy him/herself regarding the adequacy of the arrangements for their control and safe storage, including electronic storage media.
- 5 To regularly review debt and establish if it is efficient and economical to pursue. Exchequer Financial Services will act as the sole arbitrator for debt and damage claims taking further appropriate recovery action if necessary or seek legal advice before referral to Legal Services for formal recovery procedures to commence, or either reverse or write off in accordance with the Scheme of Delegation. All low value debt will be pursued up to a level where it is economical to do so but will not ordinarily be referred to Legal Services unless prior approval has been obtained. Exchequer Financial Services will act as client in respect of Legal Services and provide instruction to initiate the appropriate action including, agreement of partial payments and instalment plans. Any associated costs will remain with the relevant departmental budget. Wherever possible employee debt in respect of agreed instalment plans should be reflected in budgets and pay records promptly with subsequent adjustment for any further payments received.
- 6 Under section 151 of the 1972 Local Government Act and in accordance with accounting policies the [Chief Financial Officer](#) has responsibility for the administration of financial affairs and as such must ensure that debt, claims and damages are effectively managed and reflected accurately and promptly within the financial accounts, and so will have the ability to apply financial postings and negotiate financial settlements as deemed appropriate. This will include the reversal, settlement and debt write off where departmental responsibilities have not been actioned promptly
- 7 Once the Chief Financial Officer or the Director of Legal Services establish that a debt is irrecoverable due to bankruptcy or insolvency the write off will be processed promptly and where necessary reported retrospectively.
- 8 The Chief Financial Officer in conjunction with the Director of Legal Services will ensure that an annual review of historic debt takes place to ensure that debt is proactively managed and reflected promptly in the financial accounts.
- 9 As part of the year end bad debt provision exercise the Chief Financial Officer will include details of debt write offs charged to Departmental budgets and circulate to Executive Directors via Finance Business Partners.

Responsibilities of Executive Directors

- 10 To establish a schedule of fees and charges for the supply of goods and services etc, including the appropriate charging of VAT and review it at least annually, within corporate policies.
- 11 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 12 To establish and initiate appropriate recovery procedures in conjunction with the Chief Financial Officer or their delegated person, including legal action where necessary for non-invoiced debts or damage claims which are not agreed or paid promptly.
- 13 To ensure that income, charges and damage claims are accurate, promptly agreed and applied within 6 months with any subsequent invoices issued within a target maximum of 21 days from provision of goods/service or agreement of claim. Executive Directors have a responsibility to collect debts and to provide any information requested by the Chief Financial Officer/Director of Legal Services to enable debts to be pursued effectively on the Council's behalf. Requested information and supporting evidence should be provided promptly but no later than 6 months from the debt becoming due otherwise it may result in write off or reversal of debt and reflected accordingly in departmental budgets.
- 14 To officially record income collected using the approved system(s).
- 15 At all points where it is reasonable to expect that postal remittances may be received to ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- 16 To hold securely receipts, tickets and other records of income, for six years plus the current accounting year in line with statutory requirements and retention schedules.
- 17 To process and maintain debit/charge card details in accordance with approved procedures and ensuring compliance with the Payment Card Industry (PCI) Security Standards.
- 18 To ensure all income collected is held securely in locked storage in line with insurance limits to safeguard against loss or theft and to ensure the security of cash handling. Access to such locked storage should be minimised.
- 19 To ensure that income is paid intact and promptly into the appropriate Council bank account in the form in which it is received. The processing of cash should be reduced as far as is practicably possible. Appropriate details should be recorded on paying in slips to provide an audit trail.
- 20 To ensure income is not used to cash personal cheques or other payments.

- 21 To keep a record of every transfer of official money between employees of the Council. The receiving officer must sign for the transfer and the transferor must retain a copy.
- 22 As per the Scheme of Delegation, authorise write off debts and to keep a record of all sums so written off. In no case will the officer raising the debt be empowered to authorise its writing off. Once raised, no bona fide debt can be cancelled except by payment in full, its formal writing off or in the form of a reversal or reduction adjustment under procedures agreed with the Chief Financial Officer.
- 23 Ensure write off action is done promptly and that appropriate financial provisions are made for bad or doubtful debts.
- 24 To notify the Chief Financial Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by him.
- 25 To minimise administration costs by limiting the issue of an invoice to sums of £50 and above unless a lower limit is agreed with the Chief Financial Officer. Sums due below this level should be collected prior to service delivery in accordance with procedures agreed with the Chief Financial Officer. Pensioner debt invoices should not be ordinarily raised for sums under £100 and should be adjusted accordingly within the Finance and HR systems.

3 PAYMENTS TO MEMBERS AND EMPLOYEES

Objectives

- 1 Employee costs are the largest item of expenditure for most Council services. It is, therefore, important that there are effective controls in place to ensure that payments are made only where they are due for services to the Council and that payments accord with individual's conditions of employment.

Key Controls

- 2 The key controls for payments to Members and employees are:
 - (a) proper authorisation procedures and adherence to corporate timetables for:
 - Starters,
 - Leavers,
 - Variations,
 - Enhancements;
 - (b) frequent reconciliation of payroll expenditure against approved budget;
 - (c) all appropriate payroll documents are retained and stored for the defined period in accordance with the "Guidelines on the Retention of Financial Records".

Responsibilities of the Director of People & Organisational Change

- 3 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees in accordance with procedures prescribed by him/her, on the due date.
- 4 To ensure these entries are entered into the accounting systems in a form prescribed by the Chief Financial Officer.
- 5 To record and monitor tax, pension and other deductions.
- 6 To make arrangements for payment of all travel and subsistence claims to Officers.
- 7 To make arrangements for payment of all travel and subsistence claims to Members after receipt of the duly authorised form from the Chief Financial Officer.
- 8 To provide advice and encouragement to secure payment of salaries and wages by most economical means.
- 9 To aid the recovery of overpayments of salary for current employees and pensioners.

Responsibilities of Chief Financial Officer

- 10 To make arrangements for paying Members travel or other allowances upon receiving the prescribed form duly completed and authorised.
- 11 To reconcile all payroll entries into the accounting system on a monthly basis.
- 12 To determine the form which entries from the payroll system should take when posted into the accounting system.

Responsibilities of Executive Directors

- 13 To ensure appointments are made in accordance with the regulations of the Council and approved establishments, grades, scale of pay and that adequate budget provision is available.
- 14 To notify the Director of People & Organisational Change of all appointments, terminations, or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Director of People & Organisational Change.
- 15 To ensure that adequate and effective systems and procedures are operated for HR and payroll aspects, so that:
 - (a) payments are only authorised to bona fide employees;
 - (b) payments are only made where there is a valid entitlement;
 - (c) conditions and contracts of employment are correctly applied;
 - (d) employees' names listed on the payroll are checked at regular intervals to verify accuracy, completeness and continued employment;
 - (e) there is an effective system of checking and certifying payroll forms.
- 16 To maintain up to date lists of the names of officers authorised to sign records, a copy of which should be forwarded to the Director of People & Organisational Change, together with specimen signatures.
- 17 To ensure that payroll transactions are processed only through the payroll system. Executive Directors should seek advice from the Director of People & Organisational Change in respect of the employment status of individuals employed on a "self-employed or sub contract" basis. HM Revenue & Customs applies a tight definition for employee status and in cases of doubt, advice should be sought from the Director of People & Organisational Change/Director of Legal and Democratic Services.
- 18 To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were pre-authorised, related to official business and expenses actually, properly and necessarily incurred and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and the Director of People & Organisational Change is informed

where appropriate. Full details on the claiming of expenses by employees will be issued from time to time by the Director of People & Organisational Change.

- 19 To ensure that the details of any employee benefits in kind are notified to the Director of People & Organisational Change to enable full and complete reporting within the Income Tax Self-Assessment system.
- 20 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the “Guidelines on the Retention of Financial Records”.

Responsibilities of Members

- 21 To submit claims for Members’ travel, subsistence and dependant carers’ allowances on a monthly basis and in any event, within one month of the financial year end.

4 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Objectives

- 1 Public money should be spent with demonstrable probity and in accordance with the Council's policies. The Council's procedures should help to ensure that services receive VfM in their purchasing arrangements. These procedures should be read in conjunction with the Council's Standing Orders Relating to Contracts and the Derbyshire Codes of Conduct.

General

- 2 Every Member and officer of the Council has a responsibility to declare, by completing the Council's Declaration of Interest form, any links or personal interests which they may have with purchasers or suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council.
- 3 Official orders, whether electronic or paper based, must be in a form approved by the Chief Financial Officer. Official orders must be issued for all work, goods or services to be supplied to the Council except for supplies of utilities, debit/charge card transactions, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Chief Financial Officer in accordance with the No PO No Pay policy.
- 4 Each order must conform to the directions of the Council on procurement and the standardisation of supplies and materials. Standard terms and conditions must not be varied without the prior approval of the Chief Financial Officer. Order approval must comply with prescribed system and process limits and the necessary budget authorisations.
- 5 Apart from petty cash and schools' own bank accounts the normal method of payment of money due from the Council shall be by BACS transfer. Payments can be made by cheque or other instrument but this will be a small proportion of total payments. The use of direct debit and other forms of payment methods shall require the individual, prior agreement of the Chief Financial Officer or his delegated officer.
- 6 Official orders must not be raised for any personal or private purchases, nor should personal or private use be made of Council contracts.

Key controls

- 7 The key controls for ordering and paying for work, goods and services are:
 - (a) all goods and services are ordered only by appropriate persons using approved electronic ordering systems. In emergencies, manual orders can be used;
 - (b) all goods and services shall be ordered in accordance with the Council's Standing Orders relating to Contracts/Procurement Strategy;

- (c) goods and services received are checked on receipt by someone employed directly by the Council to ensure they are in accordance with the order and receipted wherever the electronic system used for ordering allows;
- (d) payments are authorised by designated officers in accordance with agreed approval levels once that the goods/services received conform to price, quantity and quality;
- (e) in normal circumstances a separation of duties should be maintained in the process of ordering/receipt of goods/services and authorisation of payment.
- (f) all payments are made accurately and promptly to the correct person, for the correct amount and are properly recorded, regardless of the payment method;
- (g) all appropriate payment documents are retained and stored for the defined periods in accordance with the Council's 'Guidelines on the Retention of Financial Records';
- (h) all expenditure, including VAT, is accurately recorded against the appropriate budget head and any exceptions corrected;
- (i) all references in this section of the Regulations should be taken to include, and apply equally to e-commerce transactions. The advent of this element of the Council's operations requires that processes are in place to maintain the security and integrity of data for transacting business electronically; and
- (j) during an emergency or business continuity event it may become necessary to procure supplies at short notice or to place orders with suppliers who are not already approved by the Council. Further details on these arrangements can be found in the Council's Corporate Business Continuity Plan.

Responsibilities of Chief Financial Officer

- 8 To ensure that all of the Council's financial systems and procedures are sound and well administered. The Chief Financial Officer has responsibility for the administration of financial affairs and as such must ensure that ordering and payments are effectively managed and reflected accurately and promptly within the financial accounts, and so will have the ability to apply financial postings as deemed appropriate including where departmental responsibilities have not been actioned promptly
- 9 To approve the form of official orders, and associated terms and conditions (Chief Financial Officer).

- 10 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order (Chief Financial Officer).
- 11 To make payments to contractors on the certificate of the appropriate Executive Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified (Chief Financial Officer).
- 12 To provide advice and support on making payments by the most economical means. The Chief Financial Officer can set tolerances and wherever possible systems should be utilised to achieve efficiencies from exception matching rules and tolerances taking into account materiality, resource and financial risk.

Responsibilities of Assistant Director of Finance (Audit)

- 13 The Assistant Director of Finance (Audit) is responsible for the consideration of any changes that are proposed to existing financial, control and IT systems or the implementation of new systems that are referred to them in line with these regulations. They will consider the potential impact on the Internal Control Framework and report to the Chief Financial Officer, raising any concerns as appropriate. No changes may be actioned without the formal approval of the Chief Financial Officer.

Responsibilities of Executive Directors

- 14 To ensure that all contracts have been awarded and expenditure has been approved in accordance with the Procurement and Award Procedures set out in Annex A of the Standing Orders Relating to Contracts.
- 15 To ensure that employees comply with these Procurement requirements and are aware of their responsibilities under the Council's Code of Conduct for Employees.
- 16 Official orders shall be in a form approved by the Chief Financial Officer and shall be approved by secure electronic protocols by the Executive Director or by officers authorised by him/her. Responsibility for placing/requesting orders lies with the Executive Director.
- 17 To ensure that all orders for goods/services are placed using properly approved systems unless an exemption has been agreed with the Chief Financial Officer . Where orders are produced in a printed format they are controlled stationery and should be retained securely when not in use.
- 18 Any proposed changes to existing financial systems or the implementation of new systems should be referred to the Assistant Director of Finance (Audit) before they are introduced.

- 19 To ensure that where credit, procurement, debit and charge cards are available to employees they are controlled, used and maintained in accordance with procedures that have been agreed by the Chief Financial Officer.
- 20 To ensure that orders are only used for goods and services provided to the County Council. Individuals must not use official orders to obtain goods or services for their private use.
- 21 To ensure that only those employees authorised by the Executive Director sign orders and to maintain an up-to-date list of such authorised employees:
- including specimen signatures where paper based systems are used, or
 - reports of access privileges for all users of electronic systems identifying in each case the limits of their authority.
- 22 The approver of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained as required by standing orders and good procurement practice. VfM should always be taken into consideration.
- 23 To ensure that a budgetary control system is established which enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that it can be taken into account in budget monitoring reports.
- 24 To ensure that goods and services are checked promptly on receipt to validate that they are in accordance with the order, and that the order whether paper or electronic is endorsed 'goods received' and dated. A different officer from the person who signed the order should carry out this check. Appropriate entries will then be made in inventories or stores records.
- 25 To ensure that payment is not made unless a proper invoice has been received by the designated area, checked against purchase order or coded and approved for payment and confirms:
- (a) receipt of goods or services (payment should not be made in advance of goods being received unless specific prior approval is given by the Chief Financial Officer);
 - (b) that the invoice has not previously been paid;
 - (c) that expenditure has been properly incurred and is within budget provision;
 - (d) that prices are correct and accord with quotations, tenders, contracts or catalogue prices;
 - (e) that the invoice is arithmetically correct;

- (f) the correct accounting treatment of any relevant tax;
 - (g) the invoice is correctly coded;
 - (h) discounts have been taken where available; and
 - (i) that appropriate entries will be made in accounting records.
- 26 To ensure that an authorised employee who should be a different officer from the person who authorised the order, and in every case a different officer from the person certifying that the checks detailed at 25 above have been completed, authorises invoices.
- 27 To ensure that the Department maintains and reviews periodically those staff who have responsibility to approve orders and invoices using the official ordering and payment systems. Names of authorising officers together with specimen signatures (or lists of access privileges) and details of the limits of their authority shall be forwarded to the Chief Financial Officer for any manual approvals.
- 28 Orders, invoices and resulting discrepancies should be actioned quickly to avoid late payment charges, reputational damage and loss of early payment discounts. Any outstanding items older than 6 months will be reviewed and where necessary reversed to ensure accurate commitments and financial monitoring is reflected within the accounts. Any financial penalties incurred will be recharged to the relevant budget.
- 29 Suppliers should be encouraged to submit electronic invoices and to receive payment by the most efficient means for the Council. Payments should not be made by direct debit unless essential and with the prior approval of the Chief Financial Officer or his delegated officer.
- 30 To ensure that the Department obtains best VfM from purchases by utilising the Council's approved procurement procedure taking, where appropriate, steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the guidelines and best practices issued by the Chief Financial Officer.
- 31 To operate within the County Council's approved Procurement Strategy and procedures ensuring that for appropriate purchases competitive quotations or tenders are sought. These will comply with Standing Orders in Relation to Contracts, which covers:
- (a) authorised officers and the extent of their authority;
 - (b) advertisement for competitive tenders or seeking quotations through Contracts Finder <https://www.gov.uk/contracts-finder> and in additional publications when appropriate;
 - (c) selection of tenderers;
 - (d) compliance with UK legislation and regulations;

- (e) procedures for the submission, receipt, opening and recording of tenders;
 - (f) the circumstances where financial or technical evaluation is necessary;
 - (g) procedures for negotiation;
 - (h) acceptance of tenders;
 - (i) the form of contract documentation;
 - (j) cancellation clauses in the event of corruption or bribery; and
 - (k) contract records.
- 32 To ensure that all employees are aware of the Council's Code of Conduct.
- 33 All acquisitions and disposals of land and/or buildings (whether by leasing, rental or any other means) shall be negotiated and agreed by the Director of Property and Director of Legal and Democratic Services.
- 34 To ensure that no loan, leasing or rental arrangements are entered into without prior agreement from the Chief Financial Officer. This is because of the potential impact on the Council's borrowing powers, to protect the Council against entering into unapproved credit arrangements and to ensure VfM is being obtained.
- 35 To notify the Chief Financial Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by him/her and in all cases by no later than 30 April.
- 36 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Chief Financial Officer, the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of sub contractors' tax status.
- 37 To notify the Chief Financial Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 38 To ensure that all appropriate payment records are retained and stored for the defined periods in accordance with the "Guidelines on the Retention of Financial Records."
- 39 Other than for the use of refuelling a vehicle provided under the County Council's car hire scheme, which has been pre-authorized by a line manager, employees should not make official purchases using personal credit/debit cards for which they subsequently seek reimbursement from the County Council as this circumvents the requirement for pre-authorization by an independent party and negates the requirement to demonstrate best value in relation to these purchases. Similarly personal store account cards/loyalty cards held in the

name of private individuals should not be used in connection with County Council purchases.

5 TAXATION

Objectives

- 1 Like all organisations, the Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

Key controls

- 2 The key controls on taxation are:
 - (a) budget managers are provided with relevant information and kept up to date on tax issues;
 - (b) budget managers are instructed on required record keeping;
 - (c) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales;
 - (d) records are maintained in accordance with instructions;
 - (e) returns are made to the appropriate authorities within the stipulated time scale.

Responsibilities of Chief Financial Officer

- 3 To complete a monthly return of VAT input and outputs to HM Revenue & Customs.
- 4 To provide monthly and annual returns to HM Revenue & Customs regarding the Construction Industry Tax Deduction Scheme:
- 5 To maintain up to date guidance for Council employees on taxation issues in the VAT Manual.
- 6 To ensure the Council's Tax Strategy is reviewed at least annually.
- 7 To account for tax in connection with pension fund investments, including overseas tax.

Responsibilities of Director of People & Organisational Change

- 7 To complete all HM Revenue & Customs returns regarding PAYE.

Responsibilities of Executive Directors

- 8 To ensure that the correct VAT liability is attached to all income and that all VAT recoverable on purchases complies with HM Revenue & Customs Regulations.

- 9 All new proposals to generate income must be notified to the Financial Strategy Finance team to ensure that the VAT implications are evaluated and addressed.
- 10 All coding and approving in relation to creditor invoices, bank paying in slips and debtor accounts must be completed in accordance with instructions.
- 11 VAT on expenditure from imprest accounts can only be recovered if VAT receipts are obtained and included with reimbursement claims.
- 12 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Tax Deduction requirements.
- 13 To ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona-fide self-employed or are employed by a recognised employment agency. All payments to employees must be made through the payroll system, except with the explicit approval of the Chief Financial Officer.
- 14 To follow the guidance on taxation issued by the Chief Financial Officer in the VAT Manual. The VAT Manual is widely distributed and advice on any matter can be obtained from the Chief Financial Officer.

ANNEX 5: EXTERNAL ARRANGEMENTS

- 1 Partnerships
- 2 External funding
- 3 Work for third parties

1 PARTNERSHIPS

Objectives

- 1 Local Authorities work in partnership with the wider public and voluntary sectors and private providers.

PARTNERSHIPS - GENERAL

- 2 A partnership is “an agreement between two or more independent bodies working collectively to achieve an objective”, as a joint arrangement not as a single entity.
- 3 The main reasons for entering into a partnership are to achieve the aims and objectives of the Council by the most effective means. This will include:
 - (a) improving service delivery by maximising and sharing the use of resources;
 - (b) fulfil the Council’s role as a community lead;
 - (c) meet the Council’s statutory requirements;
 - (d) the desire to find new ways to share risk;
 - (e) the ability to access new resources;
 - (f) to forge new relationships.
- 4 A partner is defined as either:
 - (a) an organisation (private, voluntary or public) undertaking, part funding or participating as a beneficiary in a project, or
 - (b) a body whose nature or status give it a right or obligation to support the project.
- 5 Partners participate in projects by:
 - (a) acting as a project deliverer or sponsor, solely or in concert with others;
 - (b) acting as a project funder or part funder in the provision of financial or other resources;
 - (c) being the beneficiary group of the activity undertaken in a project.
- 6 Partners have common responsibilities:
 - (a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation;

- (b) to act in good faith at all times and in the best interests of the partnership's aims and objectives;
- (c) to be open about any conflict of interests which might arise;
- (d) to encourage joint working between themselves, promote the sharing of information, resources and skills between public, voluntary, private and community sectors;
- (e) to maintain the confidentiality of information received as a result of partnership activities or duties, and to recognise that such information may be of a personal/commercially sensitive nature;
- (f) to act wherever possible as ambassadors for the project;
- (g) to act at all times in accordance with the terms and conditions of the partnership agreement and within the broader requirements of demonstrable probity both in terms of personal conduct and stewardship of public funds.

Key controls

7 The key controls for Council partnerships are:

- (a) each proposed partnership should be subject to a risk assessment and allocated a risk ranking;
- (b) where the partnership has been given a risk ranking of High or Medium this must be justified by a formal business case and be subject to a formal legal arrangement;
- (c) to be aware of the nature of the partnership, and, for individual officers to be aware of their personal responsibilities and delegated authority as regards the partnership, under the Council's Financial Regulations and Standing Orders Relating to Contracts;
- (d) to agree and formally document the roles and responsibilities of each of the partners involved in the project before its commencement;
- (e) all partnerships should be formed in accordance with agreed criteria and after proper legal consultation and should accord with guidance stipulated in the Council's Partnership Development Toolkit;
- (f) a formal register should be maintained which details, in respect of all partnerships in which the Council participates:
 - its aims and objectives,
 - its approved duration,
 - the Council's commitment in terms of finance and other resources,
 - the accountable organisation for the partnership,

- the framework by which the performance of the partnership is to be monitored,
 - the Council's exit strategy on completion or termination of the partnership;
- (g) Auditing arrangements must include, as a minimum, guaranteed rights of access for the County Council's auditors at all times to all documents, records, premises and those employees who relate to, or are provided by, the Council's contributions to the partnership.

Responsibilities of Chief Financial Officer

- 8 To advise on the effectiveness of the proposed framework of controls and responsibilities within the operation of the partnership.
- 9 To advise on the key elements of funding a project:
- (a) risk assessment and scheme appraisal for financial viability;
 - (b) accounting and audit requirements.
- 10 Arrange for internal or external audit scrutiny as appropriate.

Responsibilities of Director of Legal and Democratic Services

- 11 The Director of Legal and Democratic Services must:
- (a) establish, maintain and review the legal framework for the County Council's participation in partnership working;
 - (b) ensure that all proposed partnership arrangements are:
 - within the County Council's powers,
 - the subject of a legal agreement in an approved form,
 - adequately defined by the agreement's terms and conditions,
 - subject to adequate insurance cover for any liability of the proposed partnership which may rest with the County Council,
 - financially viable,
 - open and promote active decision-making;
 - (c) a constitution exists which clarifies:
 - the aims and objectives of the partnership,
 - each partner's responsibility in terms of financial liability,
 - asset ownership issues resulting from the partnership,
 - each partner's responsibilities in respect of any employees employed for the purpose of the partnership,
 - security and confidentiality of information and the extent of any data sharing including requirements under the Freedom of Information Act,

- the roles and responsibilities of individual partner bodies,
- the regulatory framework for the partnership,
- the exit strategy on cessation of the partnership including any liabilities then arising,
- arbitration/conciliation arrangements in the event of dispute.

Responsibilities of Executive Directors

- 12 To ensure that the approval of Cabinet is obtained before any negotiations are entered into with regard to proposed partnership arrangements and that a risk assessment of the proposed partnership has been undertaken.
- 13 To maintain the central register of all partnership arrangements entered into in accordance with procedures specified by the Chief Financial Officer and which contains as a minimum the details specified at paragraph 7(f) above.
- 14 To ensure that accountability frameworks are specified within a written agreement with all partners. This will include agreements regarding prevention and addressing of overspendings; covering inflation; managing efficiency savings; and other resource or financial issues.
- 15 To account for any contributions to pooled budgets and where the Council is the Budget Holder, maintain accounts in accordance with the agreed budget arrangements, the Council's accounting policies and procedures and the requirements of these Regulations.
- 16 To ensure that all partnership agreements include adequate provision for internal and external financial monitoring of their operation, and that these provisions meet internal and external needs.
- 17 To ensure that all financial records relating to the Council's participation in the partnership are retained as required by the Council's Document Retention requirements.
- 18 To ensure that the Director of Legal and Democratic Services has been consulted on and given approval to the proposed contractual arrangements for the partnership before any legal commitment is signed.
- 19 To ensure that there are sufficient, available levels of expertise, employees and resources to meet the obligations imposed by the partnership agreement.
- 20 To ensure compliance with the required control frameworks including these Regulations with regard to any partnership initiatives.
- 21 To ensure that the performance of the partnership against its key aims and objectives, as identified in the partnership register, is regularly monitored and reported.
- 22 To ensure that an exit strategy is in place, to safeguard the County Council on completion or termination of the contract/partnership.

2 EXTERNAL FUNDING

Objectives

- 1 As local authorities are encouraged to provide 'seamless' service delivery through working closely with other agencies, voluntary organisations and private sector providers, the scope for external funding has increased. However, such funding is often linked to specific objectives which may not be sufficiently flexible to link with the Council's overall plan. Therefore funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council.

Key controls

- 2 The key controls for external funding are:
 - (a) To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood;
 - (b) To ensure that funds are acquired only to meet priorities in the policy framework approved by the Council;
 - (c) To ensure that any matched funding requirements are given due consideration and approval prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

Responsibilities of Director of Legal and Democratic Services

- 3 To provide guidance on potential grant funded activities, ensure that they support priorities identified by Council and are within the legal powers of the Council.

Responsibilities of Chief Financial Officer

- 4
 - (a) To maintain a record of expected grants to be received showing the amount of grant, receipt date(s) and designated responsible officer in consultation with Executive Directors;
 - (b) To ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts;
 - (c) To ensure that Executive Directors make grant claims by the due date;
 - (d) To identify the long-term implications of funding arrangements and ensure that these are considered prior to entering into any agreements;
 - (e) To investigate ways of maximising grant income;
 - (f) To ensure that the requirements of these Regulations including audit arrangements are met.

Responsibilities of Executive Directors

- 5 To provide plans which demonstrate how the grant funds will be used to support service plan objectives and any conditions attached to that funding.
- 6 To ensure that all expenditure is properly incurred and recorded, that income is received at the appropriate time, returns are made by the specified dates, and in liaison with the Assistant Director of Finance (Audit) that the audit requirements of the funding body can be met.
- 7 To ensure compliance with Financial Regulation 2.a13(v) (Revenue Budget) (Annex 1 to these Regulations) which requires that an exit strategy is in place and is implemented on the cessation of external funding.
- 8 To ensure that all required approvals are obtained before external funding agreements are entered into.
- 9 To maintain an up-to-date Departmental record of all external funding sources.
- 10 Where the Council receives additional funding for activities outlined in the Service Plan, this can be approved by the Executive Director.
- 11 Where the Council receives additional funding above £500,000 not outlined in the Service Plan, this should be approved by Cabinet.

3 WORK FOR THIRD PARTIES

Objectives

- 1 Current legislation enables the Council to provide a range of services to certain other bodies. Such work may enable the Council to maintain economies of scale and retain existing expertise. Arrangements should be in place to ensure that any risks associated with this work are minimised.

Key controls

- 2 To ensure that proposals are properly costed, self-financing and are not at variance with the Council's Plans or Policies. The service receiving income from third parties must reimburse all costs including development costs incurred by other council services in respect of traded income.
- 3 To ensure that contracts are drawn up using guidance provided by the Director of Legal and Democratic Services and that the formal approvals process set out in paragraph 5 below is adhered to. Where appropriate the Council should be protected against potential losses/claims by an appropriate level of professional indemnity insurance in line with the service to be provided.

Responsibilities of Chief Financial Officer

- 4 (a) To maintain a record of expected income to be received from third parties including the amount of income against associated expenditure, receipt date(s) and designated responsible officer in consultation with Executive Directors;
- (b) To ensure that all income generated from work for third parties is received and properly recorded in the Council's accounts;
- (c) To ensure that Executive Directors are able to demonstrate effective contract performance;
- (d) To identify the long-term implications of income arrangements and ensure that these are considered prior to entering into any agreements;
- (e) To investigate ways of maximising income from working for third parties;
- (f) To ensure that the requirements of these Regulations including audit arrangements are met.

Responsibilities of Executive Directors

- 5 Executive Directors may undertake work for third parties including traded activity as prescribed in the scheme of delegation any sum over £500,000 per annum will also require the approval of Cabinet.

- 6 For contracts (including traded activity) over £50,000 per annum a business case must be provided to the Chief Financial Officer setting out how the contract or traded arrangement will recover costs which adheres to the rules set out by the Chief Financial Officer.
- 7 To ensure that the Department has all necessary skills and expertise to discharge the requirements placed upon it by the contract or traded arrangement.
- 8 To ensure that all contracts or traded arrangements are properly executed and that all appropriate documentation exists.
- 9 To maintain a register of all contracts or traded arrangements entered into with third parties in accordance with procedures specified by the Director of Legal and Democratic Services.
- 10 To ensure that appropriate insurance cover is effected.
- 11 To ensure that adequate arrangements are in place for prompt and accurate billing of any service provided.
- 12 To ensure that the Council is not put at risk from any bad debts or reputational damage. Service providers must also be prepared to review or withdraw services if substantial debts remain outstanding.
- 13 To ensure that such contracts or traded arrangements are not subsidised by the Council.
- 14 To ensure that such contracts or traded arrangements do not impact adversely upon the services provided for the Council.
- 15 To provide all appropriate information to the Chief Financial Officer to enable a note to be entered into the Statement of Accounts.

4 GRANTS TO EXTERNAL ORGANISATIONS

Objectives

- 1 The Council provides grants to external organisations in accordance with its Grant Funding Framework.

Key controls

- 2 Cabinet Members will approve grants to external organisations up to £100,000. Any grants over £100,000 require Cabinet authorisation.

Responsibilities of Executive Directors

- 3 To ensure that Officers have satisfied themselves that organisations to be grant-aided are financially viable for the duration of the appropriate project or activity. They must also provide adequate notice of any grant they propose to make or withdraw.
- 4 To ensure that the purpose of the grant is communicated to the external organisation.
- 5 To maintain a register of all grants provided to external organisations in line with the Transparency Code to demonstrate political transparency and that there is no favouritism. The register should record the details of the grant including, date, amount, payee and objectives/purpose of the grant.

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STANDING ORDERS RELATING TO CONTRACTS

1ST APRIL 2024 (v1)

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1. INTRODUCTION

SECTION 135 OF THE LOCAL GOVERNMENT ACT 1972 REQUIRES A LOCAL AUTHORITY TO MAKE STANDING ORDERS WITH RESPECT TO THE MAKING OF CONTRACTS BY THEM OR ON THEIR BEHALF FOR THE SUPPLY OF GOODS OR MATERIALS OR FOR THE EXECUTION OF WORKS.

THESE STANDING ORDERS RELATING TO CONTRACTS (THE “**STANDING ORDERS**”) ARE THE STANDING ORDERS REQUIRED BY THE 1972 ACT. THEY FORM PART OF THE COUNCIL’S CONSTITUTION AND ARE, IN EFFECT, THE INSTRUCTIONS OF THE COUNCIL, TO OFFICERS AND ELECTED MEMBERS, FOR ENTERING INTO CONTRACTS ON BEHALF OF THE COUNCIL.

THESE STANDING ORDERS PROVIDE A FRAMEWORK FOR PROCUREMENT ACTIVITY ACROSS THE COUNCIL. THEY SET OUT HOW CONTRACTS FOR GOODS, SERVICES AND WORKS SHOULD BE PUT IN PLACE; THE GOVERNANCE REQUIREMENTS ASSOCIATED WITH SUCH ACTIVITY, AND THE CONTRACT MANAGEMENT OF CONTRACTS ONCE THEY ARE ENTERED INTO.

THESE STANDING ORDERS SHOULD NOT BE REGARDED IN ISOLATION, BUT RATHER AS PART OF THE OVERALL GOVERNANCE AND REGULATORY FRAMEWORK OF THE COUNCIL AS SET OUT IN THE CONSTITUTION, INCLUDING, BUT NOT LIMITED TO, THE COUNCIL’S *SCHEME OF DELEGATION*, THE FINANCIAL *SCHEME OF DELEGATION*, AND THE FINANCIAL REGULATIONS. THESE STANDING ORDERS COVER UK AND RETAINED EU REQUIREMENTS AS WELL AS GOOD PRACTICE.

THESE STANDING ORDERS ARE TO PROTECT THE INTERESTS OF THE COUNCIL, ITS OFFICERS, ELECTED MEMBERS AND THE GENERAL PUBLIC AND MUST BE COMPLIED WITH AT ALL TIMES.

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2. GENERAL

2.1. Definitions and Interpretation

2.1.1. In these Standing Orders, the following words shall have the following meanings:

“Award Letter”	means the letter issued by the Council to the successful tenderer to award the Contract and which includes the Council’s requirements and the Tender Documents and all other documents which are incorporated as part of the Contract;
Anti-Fraud and Anti-Corruption Strategy & Fraud Response Plan Anti-fraud and anti-corruption strategy - Derbyshire County Council Fraud response plan - Derbyshire County Council	means the policy in relation to the prevention of fraud and corruption.
“Chief Financial Officer”	means the Director of Finance who has statutory duties in relation to the financial administration and stewardship of the Council;
“Client”	means the Council Officer who is responsible for the commissioning and delivery of works, goods, or services on behalf of the Council in their given role;
“Concession contract”	means a contract for the supply, for pecuniary interest, of works or services to the Council;
“Contract”	means any agreement with the Council for the execution of works or the supply of goods or services, including on a concession basis;
“Contract Award Notice”	means the notice issued by the Council to formally advertise that a contract award has been made;

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<p>“Contracts Finder”</p> <p>https://www.gov.uk/contracts-finder</p>	<p>means the Central Government website which enables suppliers to view and search opportunities for tenders, pipelines of potential procurement activity and awarded contracts worth over £25,000 with the Council;</p>
<p>“Contract Manager”</p>	<p>means the person or persons identified in each department to carry out contract management activity;</p>
<p>“Contracts Register”</p>	<p>means the Council’s centrally held register which provides key information about contracts above £25,000 (the goods and services, values, date started, expiry date, procurement category etc) - as required in the LGA Transparency Code;</p>
<p>“Corporate Debit Card Policy”</p> <p>Imprest Accounts Debit Card Policy and Declaration-DCC.pdf (derbyshire.local)</p>	<p>means the policy of the Council in relation to the use of the Council’s corporate debit card;</p>
<p>“Council”</p>	<p>means Derbyshire County Council;</p>
<p>“Council Plan”</p> <p>Council Plan - Derbyshire County Council</p>	<p>means a plan outlining the Council’s ambitions, values and overarching outcomes for Derbyshire as approved annually by Council;</p>
<p>“Departmental Capital Plans”</p>	<p>means the departmental plans, which support the implementation of the Council Capital Programme;</p>
<p>“Departmental Service Plan”</p>	<p>means the departmental plans, which support the implementation of the Council Plan;</p>
<p>“Directive”</p>	<p>means Directive 2014/24/EU insofar as reference to it in the Regulations has been retained in UK law by the Public</p>

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	Procurement (Amendment etc.) (EU Exit) Regulations 2020;
“DPS”	means Dynamic Purchasing System;
“Financial Regulations” Financial regulations - Derbyshire County Council	means the document produced specifically in respect of the financial administration procedures of the Council;
“Financial Regulations for Schools” Schools financial value standards (SFVS) (derbyshire.gov.uk)	means a document produced specifically in respect of the financial administration procedures for schools;
“Financial Scheme of Delegation” Departmental schemes of delegation - Our Derbyshire	means the documents setting out the Officer financial authorisation levels for each Council Department;
“Find a Tender’ service (FTS)” https://www.find-tender.service.gov.uk/Search	means ‘Find a Tender’ service which on 31 December 2020, replaced Tenders Electronic Daily (TED) in the UK public procurement process. UK buyers who previously published OJEU notices on TED will now do that on Find a Tender;
“Firm”	means any business entity or person, including bodies corporate and corporations, associations, organisations, partnerships, co-operatives, trusts or other unincorporated bodies;
“Framework agreement”	means an agreement between one or more contracting authorities and one or more economic operators made pursuant to regulation 33 of the Public Contracts Regulations 2015 which establishes the terms governing contracts to be awarded during a given period, in particular with regard to the

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	price and, where appropriate, the quality envisaged;
“ITT - Invitations to tender”	invitations to tender are used in a competitive tendering process in which qualified suppliers or contractors are invited to submit sealed bids for the supply of specific and clearly defined goods or services during a specified timeframe;
“Light Touch Regime FTS Threshold” EU procurement directives and the UK regulations - GOV.UK (www.gov.uk)	means, for the purpose of these Standing Orders, the financial threshold for social and other specific services pursuant to regulation 5 of the Public Contracts Regulations 2015, and which is revised every two years;
“ National Procurement Strategy ”	means The National Procurement Strategy which sets out local government’s ambitions and priorities in relation to procurement;
“Officer”	means an employee of Derbyshire County Council. For the avoidance of any doubt this shall not include an agency worker or other contractor engaged by the Council;
“Procurement and Award Procedure”	means the procurement and award procedures of the Council as set out in the Protocols detailed in Standing Order 3.2 and Appendix A - Procurement & Award Procedures - of these Standing Orders;
“Procurement Business Case”	means a business case as set out in these Standing Orders Relating to Contracts;
“Procurement Data”	means expenditure exceeding £5,000 as defined in the LGA Transparency Code 2015 and includes:

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	<ul style="list-style-type: none"> • invitations to tender to provide goods and/or services with a value exceeding £5,000, • contracts, commissioned activity, purchase orders, framework agreements and any other legally enforceable agreement with a value that exceeds £5,000. • grants over £5,000 to voluntary, community or social enterprise organisations;
“Procurement Professional”	means any Officer of the Council who is either (a) a qualified procurement professional, or (b) a procurement professional by way of their Council role as a purchaser of works, goods, or services;
“Procurement Strategy” Procurement Strategy	means the Council’s procurement strategy as may be amended and updated from time to time;
“Protocols”	means the procurement and award procedures of the Council as set out in Standing Orders 3.2 to 3.12 and Appendix A - Procurement & Award Procedures;
“Public Notice”	means a notice published on the Contracts Finder website and, where appropriate, in trade newspaper or journal circulating among such Firms that undertake such contracts;
“Purchase Order Form”	means the purchase order document used by the Council as part of the Council’s e-procurement system;

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<p>“Regulations”</p>	<p>means the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016, the Concession Contracts Regulations 2016, the Public Procurement (Amendments, Repeals and Revocations) Regulations 2016 as amended and updated from time to time (including the Public Procurement (Amendment etc.) (EU Exit) Regulations 2020;</p>
<p>“Request for Quotation”</p>	<p>means the document used in soliciting price and delivery quotations that meet minimum specifications for specific goods and/or services.</p> <p>They are used commonly for standard, off-the-shelf items, items built to known specifications, items required in small quantities, or items whose purchase price falls below sealed-bidding threshold;</p>
<p>“School Contract”</p>	<p>means a Contract let by the governing body of a school acting in the exercise of its powers in respect of a delegated budget;</p>
<p>“Senior Officer”</p>	<p>means an Officer of sufficient seniority as set out in the Financial Scheme of Delegation and where not set out in those documents, as determined by the appropriate Executive Director;</p>
<p>“Spend Data”</p>	<p>means expenditure exceeding £500 up to £5,000 as defined in the LGA Transparency Code 2015;</p>
<p>“Standstill Period”</p>	<p>means the period of time within which the Council must not enter into Contracts as set out in regulation 87 of the Public Contracts Regulations 2015;</p>
<p>“Supplies and Services FTS Threshold”</p>	<p>means, for the purpose of these Standing Orders, the financial</p>

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EU procurement directives and the UK regulations - GOV.UK (www.gov.uk)	threshold for supplies and services pursuant to regulation 5 of the Public Contract Regulations 2015;
“Terms & Conditions for Goods & Services”	means the Council’s corporate terms and conditions for goods and services;
“Terms & Conditions for Works”	means the Council’s corporate terms and conditions for works;
“Transparency Code” Local government transparency code 2015 - GOV.UK (www.gov.uk)	means the Local Government Transparency Code 2015 which sets out key principles for local authorities to create greater transparency through the publication of public data;
“Works FTS Threshold” EU procurement directives and the UK regulations - GOV.UK (www.gov.uk)	means, for the purpose of these Standing Orders, the financial threshold for works pursuant to regulation 5 of the Public Contracts Regulations 2015.

- 2.1.2. Any reference in these Standing Orders to a statute, statutory instrument or statutory provision includes a reference to that statute, statutory instrument or statutory provision together with all Standing Orders and regulations made under it as from time to time amended, consolidated or re-enacted.
- 2.1.3. Any reference in these Standing Orders to an Officer of a certain level shall include a reference to an Officer authorised by them to act on their behalf provided that such authorisation is contained within the Council's Scheme of Delegation, including, the Financial Scheme of Delegation.
- 2.1.4. For the purposes of these Standing Orders, in ascertaining whether an agreement falls within the definition of a Contract, the determining factor will be the substance of the agreement and not the form. For the avoidance of doubt, where the effect of the agreement is that the Council has works, services or goods delivered to it or on its behalf, then for the purposes of these Standing Orders, it will be a Contract. Using other words, titles or headings as descriptors of an agreement (e.g., memorandum of understanding, grant, memorandum of agreement, purchase order etc.) where the Council has works, services or goods delivered for it or on its behalf, does not avoid the application of these Standing Orders.
- 2.1.5. Supplier, vendors, and contractor are used interchangeably in these Standing Orders and mean a third-party organisation with whom the Council may contract.

2.2. Basic Principles

- 2.2.1. All procurement procedures must:
- (a) support all relevant Council plans, priorities and policies, including the Council Plan, and the [Procurement Strategy](#), including social value;
 - (b) realise value for money by seeking to achieve the optimum combination of whole life costs and quality of outcome;
 - (c) uphold the highest standards of integrity;
 - (d) comply with all applicable legislative requirements;
 - (e) ensure:

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- (i) transparency – both in terms of procedures and contract opportunities;
- (ii) equality of treatment and non-discrimination of potential suppliers;
- (iii) proportionality – both in terms of procedures and decision making during the procurement process.

2.3. Application of the Standing Orders

2.3.1. These Standing Orders apply to the procurement and letting of the following types of contracts by or on behalf of the Council:

- (a) the purchasing of any goods or materials;
- (b) the purchasing of any services, including consultancy services;
- (c) the renting, hiring or leasing of any equipment or goods;
- (d) the ordering or carrying out of any building or engineering works; and
- (e) the purchasing of any goods or services using external funding.
- (f) Concession contracts

2.3.2. Every procurement and award of a Contract made by or on behalf of the Council shall also comply with UK law.

2.3.3. The FTS threshold for goods and services is the Supplies and Services FTS Threshold; the FTS threshold for works is the Works FTS Threshold and the FTS threshold in respect of social and other specific services is the Light Touch Regime FTS Threshold, all of which apply to the application of these Standing Orders.

2.3.4. Should there be a conflict or discrepancy between these Standing Orders and any UK law, the law shall always prevail and must be followed.

2.3.5. The procurement and award of a Contract made by or on behalf of the Council shall not comply with these Standing Orders where:

- (a) an exemption applies pursuant to Standing Order 2.4 below;

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(b) a waiver of the Standing Orders has been granted pursuant to Standing Order 2.5 below;

(c) the Contract is a School Contract procured by the school, in which case it shall be procured and awarded in accordance with the Financial Regulations for Schools.

2.3.6. Where another local authority undertakes a procurement as the commissioning authority for and on behalf of the Council, including with any other parties, the standing orders, procurement procedures and financial regulations of that other local authority may be relied upon provided that the Procurement Professional, in conjunction with Legal & Democratic Services and the Client, ensures that the procurement of the works, goods and/or services to which that Contract relates, is carried out in accordance with all applicable UK law, and they shall obtain confirmation in writing from the other commissioning local authority that such compliance has been achieved and that Derbyshire is named as a local authority that can utilise the contract.

2.4. Exemptions to the Standing Orders

2.4.1. The following types of transactions and/or forms of Council expenditure are not required to be part of a competitive process pursuant to these Standing Orders. Please be advised that the following list is not exhaustive:

- (a) expenditure under approved Council Contracts, which have already been appropriately procured in accordance with these Standing Orders;
- (b) disposals, acquisitions or transfer of interest in or over land/property, where such transactions do not form part of a wider works, goods or services transaction that is being procured;
- (c) items sold or purchased by public auction;
- (d) employment offers/contracts which makes the individual a direct employee of the Council;
- (e) expenditure with other Council departments that can provide works, goods or services to the Council;
- (f) Contracts for the execution of mandatory works by statutory undertakers, where the statutory undertaker is the only body that can perform the works.

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- 2.4.2. Legal & Democratic Services must be contacted for advice about whether a matter is exempt from these Standing Orders.

2.5. Waivers of Standing Orders

- 2.5.1. Any requirement of these Standing Orders may be waived by the Council, Cabinet, Cabinet Member or Executive Director in writing, but only where it is satisfied that there are special circumstances justifying exemption and it is legal to do so.
- 2.5.2. All such request for a waiver of these Standing Orders will require a formal report requesting approval, to be submitted to Cabinet, Cabinet Member or Executive Director using authority levels set out in the Departmental Scheme of Delegation.
- 2.5.3. A waiver of these Standing Orders cannot circumvent the law and cannot as a matter of law excuse non-compliance with the law.

2.6. Procurement Strategy

- 2.6.1. The aim of the Procurement Strategy is to:
- (a) set out how the Council will carry out procurement and commissioning activities, in line with the [National Procurement Strategy](#), to ensure value for money in the delivery of high-quality services; and
 - (b) to recognise that the procurement and commissioning of goods, works and services can deliver additional benefits in the support of its strategic and policy objectives as set out in the [Council Plan](#).
- 2.6.2. All procurement activities must be undertaken in accordance with the Procurement Strategy and Executive Directors must ensure that all requirements of the supply of goods, services and works are carried out in line with the Procurement Strategy and the [Protocols](#) as set out in these Standing Orders.
- 2.6.3. The Chief Financial Officer is responsible for annually producing and updating the Procurement Strategy for approval by Cabinet.

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2.7. Contract Value and Disaggregation

- 2.7.1. The value of the goods, works or services required must not be sub-divided or underestimated for the purpose of reducing the total value of the Contract in order to bring the procurement exercise below the relevant FTS threshold and, therefore, be exempt from the application of the Financial Regulations or these Standing Orders.
- 2.7.2. The value of the goods, works or services required must also not be sub-divided or underestimated for the purpose of reducing the total value of the Contract in order to bring the procurement exercise below the Council's thresholds as set out in these [Protocols](#), so as to avoid the Council's procedural requirements
- 2.7.3. Repeat expenditure should be aggregated and should consider any previous/repeated spend via a non-contracted route or contract awards which total £50,000 or above for the same requirement during the preceding 12 months, and where possible, take account of the expected value which would occur in the 12 months following the proposed Contract award. The resulting value must be considered in line with Financial Regulations and these Standing Orders
- 2.7.4. In determining how to calculate the estimated value of a Contract to comply with the Public Contracts Regulations 2015 (Regulation 6) please contact County Procurement or Legal & Democratic Services for advice.
- 2.7.5. Any supply or service contracts which are regular in nature, or which are intended to be renewed within a given period must be aggregated where possible as described in Standing Order 2.7.3.
- 2.7.6. Contract expenditure figures must be monitored by the designated Contract Manager, based on an assessment of risk, to ensure that the basis of any Contracts awarded remain appropriate and legal.

2.8. Conflicts of Interest

- 2.8.1. All Officers involved in any procurement process are required to adhere to the Code of Conduct for Employees, the Council's Anti-Fraud and Anti-Corruption Strategy and

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Fraud Response Plan. Furthermore, in accordance with the Code of Conduct for Employees, [Code of Conduct](#) and the [Council's Anti-Fraud and Anti-Corruption Strategy](#), where an Officer engages or supervises contractors or has any other official relationship with contractors and has previously had or currently has a relationship in a private or domestic capacity with a contractor, the Officer must declare that relationship to their Executive Director.

2.8.2. Contracts and purchases must be awarded on merit, in accordance with these Standing Orders and the Financial Regulations and no special favour should be shown to businesses run by, for example, friends, partners or relatives.

2.8.3. Any Officer involved in a tendering process for goods, services or works that is above the Supplies and Services FTS Threshold, must declare any interest they have in the matter to which that procurement process relates, including a nil interest, by completing and signing a Declaration of Interest Form, which will be held by County Procurement. Should the Officer's interest change during the course of the procurement process, that change in interest must be declared. Appropriate action must be taken pursuant to the interest that is declared, including removing the Officer from that particular procurement process.

2.9. Compliance and Breach

2.9.1. All Officers must comply with these Standing Orders and each Executive Director shall ensure that Contracts let by Officers in his or her service comply with these Standing Orders.

2.9.2. Where an Officer is found to be in breach of these Standing Orders, appropriate action will be taken as follows:

(a) for an inadvertent breach the Officer's manager will provide guidance and support, including explaining the consequences and gravity of non-compliance;

(b) for a first deliberate breach the Officer's manager will meet with the Officer to formally discuss the breach and any required actions and details of the breach shall be recorded;

(c) for subsequent deliberate breaches the Officer's manager will meet with the Officer together with a senior Officer to the manager to formally discuss the matter. Such remedial action may be taken as the manager and senior Officer

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consider appropriate in the circumstances, including but not limited to, formal action under the Council's disciplinary procedure.

(d) Details of deliberate breaches shall be reported to the Director of Finance and Assistant Director of Audit with any further action being taken in line with the employee code of conduct policy.

2.9.3. Any non-compliance with or breach of Standing Orders must be considered with regard to the requirements of paragraph **2Aa.7** (Audit Requirements, Internal Audit) of Annex 3 to the Financial Regulations. This details the action to be taken in all cases of suspected fraud, misappropriation or misuse of money, materials or equipment, or any mismanagement of money or other assets, or any other irregularities. In any case of doubt the Assistant Director of Finance (Audit) must be consulted.

2.10. Authority to Authorise

2.10.1. The Council's Scheme of Delegation, which forms part of the Council's Constitution, including the Financial Scheme of Delegation sets out the governance requirements in respect of delegations for decision making that all Officers and elected members must comply with.

2.10.2. High level decisions are reserved for Council, Cabinet and Cabinet Member and any matter that is not reserved for Council, Cabinet or Cabinet Member may be approved by the Executive Directors of each Department where such delegation is set out in the Council's Scheme of Delegation, including the Financial Scheme of Delegation.

2.10.3. Where goods, services or works are procured, Cabinet, Cabinet Member and Executive Directors have authorisation to approve the procurement process and the award of contracts (depending on value) as detailed in Standing Order 3 and [Appendix A - Procurement & Award Procedures](#) to these Standing Orders, which set out the Council's Protocols.

2.11. Procurement Business Cases

2.11.1. The following procurement processes require the submission of a Procurement Business Case ([Business Case Submission](#)) to the Head of Procurement, the Chief

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Financial Officer and the Director of Legal and Democratic Services for approval before the procurement process commences:

- (a) Permission to use a non-Derbyshire County Council framework (Protocol 2A) is required where:
 - (i) the framework is not included on the County Procurement pre-approved framework list, or
 - (ii) Changes to the framework terms and conditions are required;
- (b) Award of Contract without Competition - Sole Supplier/Direct Award (Protocol 8);
- (c) Material changes to Contracts (Protocol 10);
- (d) Extensions of Contract beyond the originally awarded term or value indicated at the time of the original tender (Protocol 10).
- (e) Provider Selection Regime (Protocol 4)

2.11.2. A Procurement Business Case template must be used in the situations set out in Standing Order 2.11.1, and can be found at [Procurement Business Case](#)

2.11.3. Advice on completing the Procurement Business Case may be obtained from County Procurement.

2.11.4. A Procurement Business Case does not supersede the requirement to have Contract Award approval in writing.

2.12. Sustainable Procurement including Social Value

2.12.1. Consideration must be given to how what is being procured might improve the economic, social and environmental well-being of Derbyshire residents as well as how that improvement might be secured. This applies to all procurements where it is relevant, and it must be proportionate and in line with the Public Services (Social Value) Act 2012.

2.12.2. Advice on incorporating Sustainability and/or Social Value into a procurement may be obtained from County Procurement

2.13. Departmental Service & Capital Plans

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- 2.13.1. It is Council practice that all proposed Contract awards with an expected contract value of £50,000 or above must be included within the appropriate Departmental Service or Capital Plans, which will be approved by Council. A Key Decision Notice is also published to support the Council Plan approval process. Where such Contracts are included in the Departmental Service or Capital Plans, the award of the Contract can be approved by the relevant Executive Director under the Council's Scheme of Delegation.
- 2.13.2. If a Contract award has not been approved in an appropriate Departmental Service or Capital Plan, approval to award must be sought in writing from the relevant Departmental Executive Director, Cabinet Member or Cabinet, in accordance with Council's Financial Regulations and Appendix A - to these Standing Orders – Procurement & Award Procedures. A Key Decision notice may also be required dependent on the Contract award value.
- 2.13.3. Where a contract award exceeds the value/budget included in the approved Departmental Service or Capital Plan, approval to award a contract at the new value must be sought in writing from the relevant Departmental Executive Director, Cabinet Member or Cabinet, in accordance with Council's Financial Regulations and Appendix A to these Standing Orders – Procurement & Award Procedures. A Key Decision Notice may also be required dependent on the revised total value.

3. COMPETITIVE PROCESS

3.1. Procurement Overview

- 3.1.1. Officers must comply with UK law and the Council's governance framework when undertaking the procurement of goods, services or works for or on behalf of the Council.
- 3.1.2. Pursuant to Standing Order 3.1.1, Officers must ensure that they comply with the Public Contracts Regulations 2015 (as amended) when procuring goods, services or works.

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- 3.1.3. There are seven main competitive processes permitted under the Public Contracts Regulations 2015 and they represent best practice for all procurements above the applicable FTS thresholds:
- (a) Open Procedure;
 - (b) Restricted Procedure;
 - (c) Dynamic Purchasing System;
 - (d) Framework Agreements (with or without mini competitions);
 - (e) Competitive Procedure with Negotiation;
 - (f) Competitive Dialogue;
 - (g) Innovation Partnership.
- 3.1.4. The Standing Order pertaining to each of these is different and the process chosen to fulfil a supply requirement must not only meet the business needs of the Council but also the purpose for which the process was designed. Each process also comes with selection risks and resource implications, to which due consideration must be given.
- 3.1.5. It is, therefore, essential that Officers appraise themselves of the various procedures and how best to utilise them to deliver Value for Money (“VfM”) and the right business solution.
- 3.1.6. The Council has also created Procurement and Award Procedures, which are set out in the Protocols detailed in Standing Orders 3.2 to 3.12 below and Appendix A - Procurement & Award Procedures, which must be followed when procuring goods, services or works.
- 3.1.7. The Procurement and Award Procedures identify the required approach that must be followed for contracts and awards across the Council and specifically highlight the following information:
- (a) the type of spend that they cover;
 - (b) the process that is required to deliver a compliant procurement;
 - (c) the minimum advertising requirements to conform to Council and legal requirements;
 - (d) the requirements of a contract between the Council and a contractor;
 - (e) how a contract should be awarded;
 - (f) where the publication of the award shall take place;

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- (g) registration of contracts of £25,000 and above on the Central Contracts Register; and
- (h) the requirements for inclusion on the Council's financial system to allow payment of the supplier and monitoring of the tender/contract process.

- 3.1.8. It must be noted that all references to FTS in the 'Award of Contract' column in the Procurement and Award Procedures table in Appendix A - Procurement & Award Procedures, means the Supplies and Services FTS Threshold, irrespective of whether the procurement is for goods, services or works. All references to FTS in the other columns in the Procurement and Awards Procedure table in Appendix A - Procurement & Award Procedures, means the relevant FTS threshold for the activity undertaken.
- 3.1.9. It should be noted that the admission of a vendor/supplier onto the Council's financial system will be dependent on being approved and demonstrates that the correct process of procurement and award has been followed.
- 3.1.10. All procurements must use standardised documentation, which is available from the County Procurement Team.
- 3.1.11. All competitions shall be in accordance with the Public Contract Regulations 2015, Financial Regulations, and these Standing Orders to Contracts.
- 3.1.12. Where the procurement activity has a contract value that is below the relevant FTS threshold for the activity that is being undertaken, Officers must still ensure that they comply with the Regulations, all relevant guidance, case law and advice from the Director of Legal and Democratic Services when undertaking tender processes or seeking quotations.
- 3.1.13. It is recommended that early advice from County Procurement and Legal & Democratic Services is sought before the commencement of a procurement process.

3.2. Protocols – The Council's Procurement and Award Procedures

The Council's Procurement and Award Procedures are comprehensively set out in the Protocols (tabled in Appendix A to these Standing Orders). For the avoidance of doubt, any references to the FTS threshold in the Award of Contract section of the Protocols, means the Supplies and Services FTS Threshold, irrespective of whether

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the procurement is for goods, services or works. References to the FTS threshold in the remainder of the Protocols, means the relevant FTS threshold for the activity undertaken. Appendix A - Procurement & Award Procedures sets out a summary of award procedure for each Protocol. Further details and key requirements are detailed below. (Please note that Protocols 6 and 9 are no longer in use and are not, therefore, listed below).

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3.2.1 Protocol 1

- 3.2.1.1. Protocol 1 is applicable to all contracts above the relevant FTS threshold, including the establishment of any Derbyshire County Council framework or DPS agreements, but excluding non-Derbyshire County Council framework agreements and, as such, the requirements of the Public Contracts Regulations 2015 must be complied with.
- 3.2.1.2. All such tendering must be carried out with the support of County Procurement utilising the Council's approved eTendering system.
- 3.2.1.3. It is important that advice is sought from County Procurement and the Director of Legal and Democratic Services at the earliest possible stage on the contract approach to be taken.
- 3.2.1.4. Where a procurement is included in the approved Departmental Service or Capital Plan, approval to award the contract must be sought in writing from the relevant Departmental Executive Director utilising the Scheme of Delegation.
- 3.2.1.5. Where a procurement has not been included in the approved Departmental Service or Capital Plan, approval to award a contract must be sought in writing from the relevant Departmental Executive Director, Cabinet Member or Cabinet, in accordance with Council's Financial Regulations and Appendix A to these Standing Orders – Procurement & Award Procedures. A Key Decision Notice may also be required dependent on the contract award value.
- 3.2.1.6. Where a contract award exceeds the value/budget included in the approved Departmental Service or Capital Plan, approval to award a contract at the new value must be sought in writing from the relevant Departmental Executive Director, Cabinet Member or Cabinet, in accordance with Council's Financial Regulations and Appendix A to these Standing Orders – Procurement & Award Procedures. A Key Decision Notice may also be required dependent on the revised total value.
- 3.2.1.7. A Contract Award Notice must be published on FTS in accordance with the Public Contract Regulations 2015.
- 3.2.1.8. Publication of a Contract Award Notice must also be made on Contract Finder.

Contract details must be entered onto the Council's central Contract Register for any Contract of £25,000 and above.

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3.2.2. Protocol 2 (A)

- 3.2.2.1. Protocol 2(A) must be followed where a non-Derbyshire County Council (external) framework is to be used for the procurement of goods, works or services.
- 3.2.2.2. County Procurement holds a pre-approved List of External Frameworks which are reviewed annually to ensure compliance with Procurement Regulations and acceptance of call off T&C's.
- 3.2.2.3. To use a pre-approved framework, you must ensure that:
- a). no amendments are being made to the overarching framework T&C's where the proposed call-off/contract award exceeds £50,000.
 - b). that call-off(s)/contract award(s) above £50,000 are detailed in an approved Departmental Service or Capital Plan.
- 3.2.2.4. Where the requirements of Standing Order 3.2.2.3 have been met, call off(s)/contract award(s) should follow Protocol 2(B).
- 3.2.2.5. If the framework to be used is:
- a) not included on the Councils pre-approved framework list, and/or
 - b) amendments are required to the Framework T&C's (where the proposed call-off/contract award exceeds £50,000) and/or
 - c) Has expired and been replaced by a new framework which is not on the Council's pre-approved list
- then a 2a Procurement business case will be required to enable the proposed framework terms and conditions & call off terms and conditions to be reviewed/approved by Procurement, Director of Legal and Democratic Services and Finance. The Business Case will also require final approval by the appropriate Executive Director under the Scheme of Delegation.
- 3.2.2.6. Where a procurement has not been approved in an appropriate Departmental Service or Capital Plan and is above FTS threshold permission to use and award a contract from a non DCC framework must be also obtained from Cabinet Member or Cabinet dependent on value and a Key Decision Notice published if required.

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3.2.2.7. Once these approvals are in place, call off(s)/contract award(s) from the framework should follow Protocol 2(B)

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3.2.3. Protocol 2 (B)

- 3.2.3.1. Protocol 2 (B) sets out the procedures for all call-offs/contract awards from a non-Derbyshire County Council (external) framework.
- 3.2.3.2. The terms and conditions of the framework agreement must be complied with, including the requirements for direct award and mini competition, where appropriate.
- 3.2.3.3. Any amendments to the framework call off terms and conditions, may only be made in accordance with these Standing Orders and the provisions of the framework agreement. Advice should be sought from County Procurement and/or Director of Legal and Democratic Services prior to call-off.
- 3.2.3.4. If the proposed call offs/contract awards are not detailed an approved Departmental Service or Capital Plan, Protocol 2a must be followed first.
- 3.2.3.5. Call off/contract awards must be approved in writing in line with the Scheme of Delegation.
- 3.2.3.6. Publication of a Contract Award Notice must be made on Contract Finder for Contract awards of £25,000 and above. Please contact the County Procurement Team for information/advice on publishing the Contract Award Notice.
- 3.2.3.7. Contract details must be entered onto the Council's central Contract Register for any Contract of £25,000 and above. Please provide details to County Procurement Team for addition to the Contracts Register.

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3.2.4. Protocol 3

- 3.2.4.1. Calling-off from a DCC Framework or Dynamic Purchasing System (DPS) (established under Protocol 1 or 5).
- 3.2.4.2. The terms and conditions of the framework/DPS agreement must be complied with, including the requirements for a direct award or mini competition, where appropriate.
- 3.2.4.3. Any amendments to the framework call-off terms and conditions must be approved by the Director of Legal and Democratic Services prior to contract award.
- 3.2.4.4. Approval to award a call off contract under a Derbyshire County Council Framework or DPS must be obtained in writing from the appropriate Executive Director, utilising the appropriate Scheme of Delegation. Evidence of approvals should be retained for audit purposes.
- 3.2.4.5. Publication of a Contract Award Notice must be made on Contract Finder for any Contract awards of £25,000 and above. Please contact the County Procurement Team for information/advice on publishing the Contract Award Notice.
- 3.2.4.6. Contract details must be entered onto the Council's central Contract Register for any Contract of £25,000 and above. Please provide details to County Procurement Team for addition to the Contracts Register.

3.2.5. Protocol 4

- 3.2.5.1. Protocol 4 is applicable to any contracts procured in accordance with the Provider Selection Regime (PSR) that fall under the Common Procurement Vocabulary (CPV) codes as set out in schedule 1 of the PSR and, as such the Health Care Services (Provider Selection Regime) Regulations 2023 shall apply in place of the Public Contracts Regulations 2015 for all applicable contract award processes commenced on or after 1 January 2024. All references in this Protocol 4 to 'regulations' are to regulations of the Health Care Services (Provider Selection Regime) Regulations 2023.
- 3.2.5.2. The procurement of goods and out of scope services continues to be governed by the Public Contracts Regulations 2015 and this Protocol 4 will not apply to those procurements.
- 3.2.5.3. Where a procurement has crossover between the PSR and PCR 2015, then the route of the procurement will be determined by which element has the higher value i.e., above 50% of the total contract value.
- 3.2.5.4. All tendering using Protocol 4 must be carried out with the support of County Procurement utilising the Council's approved e-tendering system.
- 3.2.5.5. It is important that advice is sought from County Procurement and the Director of Legal and Democratic Services at the earliest possible stage on the contract approach to be taken.
- 3.2.5.6. All relevant notices must be published as required under the relevant regulation(s).
- 3.2.5.7. Contract details must be recorded on the Council's central Contract Register.

Contract Award

- 3.2.5.8. The available routes to award a contract under Protocol 4 are:

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- A) Direct Award Process A - where the existing provider is the only capable provider (PSR regulation 7);
- B) Direct Award Process B - where service users have a choice of providers, and the number of providers is not restricted by the relevant authority (PSR regulation 8);
- C) Direct Award Process C - where the existing provider is satisfying the existing contract and will likely satisfy the proposed new contract, and the contract is not changing considerably (PSR regulation 9);
- D) Most Suitable Provider Process where the relevant authority is able to identify which provider is most suitable based on consideration of key criteria and basic selection criteria (PSR regulation 10);
- E) Competitive Process where the authority cannot use any of the other processes or wishes to run a competitive exercise (PSR regulation 11).

3.2.5.9. A Protocol 4 Procurement Business Case will be required to be submitted to and approved by the Head of Procurement, Chief Financial Officer and Director of Legal and Democratic Services which justifies the route selected including evidence that the proposed procurement complies with the relevant regulation.

3.2.5.10. If a procurement is included in the approved Departmental Service & Capital Plan, approval to award the contract must be sought from the Director of Public Health utilising the relevant scheme of delegation. If a procurement is not included in the approved Departmental Service & Capital Plan, approval to award the contract must be sought (in addition to the Business Case required under Standing Order 3.2.5.9) from the Director of Public Health, Cabinet Member or Cabinet, depending on value as specified in the Council's Financial Regulations.

3.2.5.11. Where the procurement is carried out in accordance with Standing Orders 3.2.5.8 - C), 3.2.5.8 - D) or 3.2.5.8 - E) of this Protocol, the Council must apply a standstill period and must not enter into the contract or conclude the framework agreement before the end of the 8th working day after the day the standstill period begins.

Frameworks

3.2.5.12. The competitive process must be followed to conclude a framework agreement (PSR regulation 16) or to select further providers to be party to an existing framework agreement (PSR regulation 17).

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3.2.5.13. Contracts under a framework agreement may only be awarded in accordance with PSR regulation 18.

Modification of contracts and framework agreements during their term

3.2.5.14. Modifications of contracts awarded under this Protocol 4 which have not been clearly and unambiguously provided for in the contract terms shall only be made in accordance with PSR regulation 13.

3.2.5.15. Modifications to contracts produce a risk of challenge and it is, therefore, necessary to produce a Protocol 4 Business Case with a risk assessment to seek approval from the Head of Procurement, Chief Financial Officer and Director of Legal and Democratic Services.

3.2.5.16. In addition to the Business Case process, modifications to contracts will need to be approved by Cabinet or Cabinet Member depending on the modification value.

Urgent Award or Modification

3.2.5.17. An urgent award of or modification to a contract may only be made in accordance with PSR regulation 14.

3.2.5.18. Urgent awards of or modifications to contracts produce a risk of challenge and it is, therefore, necessary to produce a Protocol 4 Business Case with a risk assessment and evidence to justify the urgency to seek approval from the Head of Procurement, Chief Financial Officer and Director of Legal and Democratic Services.

3.2.5.19. In addition to the Business Case process, modifications to contracts will need to be approved by Cabinet or Cabinet Member depending on the modification value.

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3.2.6. Protocol 5

- 3.2.6.1. Expenditure between £50,000 and the FTS threshold must be actioned in accordance with this Protocol 5.
- 3.2.6.2. All such tendering must be carried out with the support of County Procurement utilising the Council's approved eTendering system.
- 3.2.6.3. It is important that advice is sought from County Procurement and the Director of Legal and Democratic Services at the earliest possible stage on the contract approach to be taken.
- 3.2.6.4. Where a procurement is included in the approved Departmental Service or Capital Plan, approval to award the contract must be sought in writing from the relevant Departmental Executive Director utilising the relevant Scheme of Delegation.
- 3.2.6.5. Where a procurement not been approved in the appropriate Departmental Service or Capital Plan, approval to award a contract be sought in writing from the relevant Departmental Executive Director, Cabinet Member or Cabinet, in accordance with Council's Financial Regulations and Appendix A - Procurement & Award Procedures - Procurement & Award Procedures to these Standing Orders – Procurement & Award Procedures.
- 3.2.6.6. Where a contract award exceeds the value/budget included in the approved Departmental Service or Capital Plan, approval to award a contract at the new value must be sought in writing from the relevant Departmental Executive Director, Cabinet Member or Cabinet, in accordance with Council's Financial Regulations and Appendix A to these Standing Orders – Procurement & Award Procedures. A Key Decision Notice may also be required dependent on the revised total value.
- 3.2.6.7. Publication of a Contract Award Notice must be made on Contract Finder for Contract awards of £25,000 and above. Please contact the County Procurement Team for information/advice on publishing the Contract Award Notice.

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3.2.6.8. Contract details must be entered onto the Council's central Contract Register for any Contract of £25,000 and above. Please provide details to County Procurement Team for addition to the Contracts Register.

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3.2.7. Protocol 7 (A)

- 3.2.7.1. Protocol 7 (A) sets out the requirements for one-off purchases of less than £5,000. Where such purchases are to be made, Protocol 7 (A) directs that one written quotation is required which shall be invited from suppliers considered competent to perform/fulfil the contract. Evidence should be retained for audit purposes.
- 3.2.7.2. Please refer to Standing Order 2.7 Contract Value and disaggregation when considering the use of this Protocol.
- 3.2.7.3. Please refer to Standing Order 2.8 Conflict of Interest & 2.9 Compliance & Breach when considering the use of this Protocol.
- 3.2.7.4. Transactions made pursuant to this Protocol must be approved in writing in accordance with the Scheme of Delegation.
- 3.2.7.5. Where appropriate, purchases can be made using the Council's Debit/Charge Card in accordance with the Corporate Debit/Charge Card Policy.

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3.2.8. Protocol 7 (B)

- 3.2.8.1. Protocol 7 (B) states that purchases of £5,000 and up to £50,000 require evidence that a minimum of three written quotations, have been sought from suppliers considered competent to perform the contract. Evidence should be retained for audit purposes.
- 3.2.8.2. Please refer to Standing Order 2.7 Contract Value and Disaggregation when considering the use of this Protocol.
- 3.2.8.3. Please refer to Standing Order 2.8 Conflict of Interest & 2.9 Compliance & Breach when considering the use of this Protocol.
- 3.2.8.4. Where the Executive Director considers obtaining three quotations is impractical or problematical, arrangements for inviting tenders or negotiating contracts under competitive conditions shall be in accordance with procedures agreed with County Procurement and the Chief Financial Officer.
- 3.2.8.5. Consideration must be given to inviting quotations from local Derbyshire businesses where possible.
- 3.2.8.6. Transactions made pursuant to this Protocol must be approved in writing and in accordance with the departmental Scheme of Delegation.
- 3.2.8.7. Publication of a Contract Award Notice must be made on Contract Finder for Contract awards of £25,000 and above. Please contact the County Procurement Team for information/advice on publishing the Contract Award Notice.
- 3.2.8.8. Contract details must be entered onto the Council's central Contract Register for any Contract of £25,000 and above. Please provide details to County Procurement Team for addition to the Contracts Register.

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3.2.9. Protocol 8

- 3.2.9.1. Protocol 8 sets out the procurement and award procedure in respect of Award of contract without competition (Sole Supplier & Direct Award other than a call off from a framework agreement which permits direct award in which case Protocol 2a and 2b or Protocol 3 shall apply as appropriate).
- 3.2.9.2. Wherever possible the Council should avoid procurements involving sole suppliers or the direct award of contracts and should only act in accordance with the Public Contract Regulations 2015.
- 3.2.9.3. Specifications should be written so as to allow as many as possible in the market to submit solutions to Council requirements without any artificial constraints. There are, however, times when for compatibility or market reasons one supplier is the only viable source of a service, component, or software or is in a unique supply position.
- 3.2.9.4. The direct award of a contract without competition, produces a risk of challenge, and it is, therefore, necessary to produce a Procurement Business Case with a risk assessment and evidence to demonstrate compliance with Public Contract Regulations 2015.
- 3.2.9.5. In addition to the Business Case process outlined at Standing Order 3.11.4, the Contract Award must be approved by the relevant Departmental Executive Director, Cabinet Member or Cabinet, in accordance with Council's Financial Regulations and Appendix A - Procurement & Award Procedures to these Standing Orders. A Key Decision Notice may also be required dependent on the Contract award value.
- 3.2.9.6. Where the contract award value is above the relevant FTS threshold, the award must be published on FTS in accordance with the Public Contract Regulations 2015. Please contact the County Procurement Team for information/advice on publishing the FTS Notice.

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3.2.9.7. Publication of a Contract Award Notice must be made on Contract Finder for Contract awards of £25,000 and above. Please contact the County Procurement Team for information/advice on publishing the Contract Award Notice.

3.2.9.8. Contract details must be entered onto the Council's central Contract Register for any Contract of £25,000 and above. Please provide details to County Procurement Team for addition to the Contracts Register.

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3.2.10. Protocol 10

3.2.10.1. Protocol 10 sets out the procedure in relation to a material variation/change to an existing contract or framework which has not been provided for as part of the original contract terms.

3.2.10.2. Material variations can include but not limited to:

- a) Changes to contract value or prices
- b) Extension of contract
- c) Changes to terms and conditions
- d) Changes to the requirements or scope
- e) Additional works/services or supplies
- f) Novation
- g) Changes to subcontractors associated with the contract

3.2.10.3. In making changes to contracts, the Council should only act in accordance with Regulation 72 of the Public Contract Regulations 2015. Advice should be sought from County Procurement or Director of Legal and Democratic Services.

3.2.10.4. Material changes to existing contracts produce a risk of challenge, and it is, therefore, necessary to produce a Procurement Business Case with a risk assessment and evidence to demonstrate compliance with Public Contract Regulations 2015.

3.2.10.5. The Procurement Business Case will require approval from, Head of Procurement, Chief Financial Officer and the Director of Legal and Democratic Services.

3.2.10.6. In addition to the Business Case process outlined at Standing Order 3.12.4, the modification, may also require approval by Cabinet or Cabinet Member dependent on the modification value (see Appendix A – Procurement & Award Procedures)

3.2.10.7. For modification to contracts, where the total value of the contract is above £25,000, a notice must be published on Contracts Finder.

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3.2.10.8. For modifications to contracts with a total value applicable to the FTS threshold, a notice must also be published on FTS in accordance with the Public Contract Regulations 2015.

3.2.10.9. Contract modification details must be entered onto the Council's central Contract Register for any Contract of £25,000 and above. Details of the modification should be sent to the County Procurement Compliance Team.

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3.3. Pre-Tender Market Testing

3.3.1. Before commencing a procurement procedure, the Council may conduct market consultations with a view to preparing the procurement and informing contractors of its procurement plans and requirements.

3.3.2. Advice may be sought, for example, from independent experts, authorities and market participants etc. and such advice may be used in the planning and conduct of the procurement procedure provided that such advice does not have the effect of distorting competition and does not result in a violation of the principles of non-discrimination and transparency.

3.3.3. County Procurement should be contacted for further advice about pre-tender market engagement.

3.4. Invitation to Tender/Request for Quotations

3.4.1. Invitations to tender and requests for quotations must be issued in accordance with these Standing Orders.

3.4.2. All invitations to tender must be issued through the Council's approved eTendering system.

3.4.3. Only in exceptional circumstances may a procurement process be conducted by alternative means to Standing Order 3.4.1 (for example, due to technical failure), and permission to conduct a procurement process by alternative means must be obtained from the Head of Procurement, Chief Financial Officer and the Director of Legal and Democratic Services before the procurement process begins.

3.4.4. Tenders and quotations must be invited so as to give sufficient time for the market to respond to the requirement.

3.4.5. For all Contracts above the applicable FTS threshold, the standard Selection Questionnaire (SQ) must be used for multi-stage procurements and adapted for single stage procurements. Copies of the latest SQ can be requested from County Procurement: [Procurement Contacts](#)

3.4.6. The Council is committed to minimising the burden on businesses and all tender documentation should be relevant, proportionate, appropriate to the goods, services or

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works required and can be requested from County Procurement: [Procurement Contacts](#)

3.4.7. All tenders above the applicable FTS threshold must conform to the requirements set out in the Public Contract Regulations 2015. The notice must be in the form prescribed by the Public Contract Regulations 2015. The electronic notice must be issued through the approved system only.

3.4.8. The award of the Contract for tenders and quotations should be in line with the appropriate Protocol.

3.5. Clarification Questions

3.5.1. Where details of a tenderer's bid are unclear, the Council may ask the tenderer for clarification of the submitted details. However, the nature of the questions asked can only be for clarification purposes and the responses to the questions must not involve changes to the features of the tenderer's submission. The response to clarification questions must, therefore, simply clarify what has already been submitted as the bid.

3.5.2. County Procurement should be contacted for further advice about clarification questions.

3.6. Submission, Receipt and Opening of Tenders/Quotations

3.6.1. An invitation to tender shall state clearly the closing date and time for its receipt and that:

- (a) the Council does not bind itself to accept the lowest or any tender;
- (b) all tender submissions must be made through the "response" feature of the Council's approved eTendering system unless Standing Order 3.4.3 applies.
- (c) proof of posting will not be accepted as proof of delivery where a procurement process has been conducted via alternative means pursuant to Standing Order 3.4.2 and the tender or supplementary information fails to arrive at the address shown on the additional bid information label before the closing date and time for the receipt of hard copy tenders and supplementary information; and
- (d) only the electronic receipt issued within the Council's approved eTendering system will be accepted as proof of an electronic submission.

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3.6.2. No tender shall be accepted if it is received after the closing date and time and shall be instantly rejected, except in the following circumstances:

- (a) where the delay in submission is the result of the electronic tendering system and this can be verified to be the case; or
- (b) where the late submission is the only submission received, it is compliant in every other respect and the approval of the Chief Financial Officer and the Director of Legal and Democratic Services has been obtained to its consideration.

3.6.3. Any electronic tender submitted by any means other than through the Council's approved eTendering system will be deleted unread unless an alternative method to electronic tendering has been agreed pursuant to Standing Order 3.4.2.

3.6.4. Electronic tenders shall be kept within the secure area of the Council's approved eTendering system until the time and date specified for their opening.

3.6.5. Tenders received through the Council's approved eTendering system are subject to the electronic security protocols within that system, which require tenders to be opened electronically.

3.6.6. Where a procurement process has been conducted by alternative means pursuant to Standing Order 3.4.2 and hard copy tenders have been received, all tenders shall be opened at one time, which shall be as soon as possible after the closing date and time and only in the presence of three Officers appointed by the Director of Legal and Democratic Services and those Officers shall date and certify a list of tenders received.

3.7. Evaluation Criteria

3.7.1. In any procurement process, the successful tenderer must be the one that submits:

- (a) the lowest price; or
- (b) offers the most economically advantageous tender based on specific criteria that are linked to the subject matter of the contract and can be used to demonstrate the most economically advantageous offer.

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3.7.2. Examples of criteria used to identify the most economically advantageous offer include, but are not limited to: sustainability, social value, price, cost effectiveness, life cycle costs, quality, technical merit, capacity/ availability to perform the contract, approach to continuous improvement etc.

3.7.3. All criteria must relate to the subject matter of the contract, be objectively quantifiable and align with the Council's corporate objectives.

3.7.4. These criteria should be assessed through either:

(a) Essential criteria – assessed on a compliant or pass basis/non-compliant or fail basis; or

(b) Technical criteria – assessed on a scored basis in accordance with a pre-set scoring matrix.

3.7.5. The procurement documentation must clearly set out the evaluation criteria and how the evaluation criteria will be applied. The procurement documentation must also set out the overall weightings to be attached to each of the criterion.

3.7.6. The evaluation of bids must be undertaken in accordance with the evaluation criteria detailed in the procurement documents provided to bidding organisations.

3.7.7. Under Public Contract Regulations 2015 it is required to treat all bidders equally.

3.8. Post-Tender Negotiations

3.8.1. Post-tender negotiations will only be undertaken in circumstances agreed by the Head of Procurement, Director of Legal and Democratic Services and Chief Financial Officer. It is essential that such negotiations are conducted professionally and with demonstrable probity.

3.8.2. Post-tender negotiations take place after the formal receipt of tenders and before the formal award of Contracts. The purpose is to secure some improvement in price, delivery, or quality.

3.9. Selecting the Successful Contractor

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3.9.1. The successful contractor must be the contractor that has submitted the tender that has been objectively judged to be the most economically advantageous when evaluated against the criteria as required under Standing Order 3.7 or that has submitted the lowest quotation.

3.10. Financial Vetting of Contractors

3.10.1. The financial vetting of contractors is an integral part of the procurement process and is designed to ensure that the contractor is financially able to perform the requirements imposed by the Contract. In the context of this process, financial vetting should form part of the selection criteria and be proportional to the financial and business risk of the Council alongside other qualitative and quantitative factors that can be grounds for selecting or rejecting a preferred supplier.

3.10.2. The financial vetting procedure is the responsibility of the Chief Financial Officer and is distinct from the technical vetting of contractors which is the responsibility of appropriate technical and professional Officers.

3.10.3. Subject to Standing Order 3.10.4, the financial vetting of contractors must be undertaken where the contract value (excluding extensions) exceeds the Supplies and Services FTS Threshold. For the avoidance of doubt, the Supplies and Services FTS Threshold applies to works contracts for the purposes of financial vetting.

3.10.4. It may also be considered necessary to carry out financial vetting:

- (a) if the Contract is considered to be high risk;
- (b) where there are contract variations, changes in financial status or market conditions etc. during the period of the Contract; or
- (c) where the Chief Financial Officer or the Director of Legal and Democratic Services states that it is a requirement.

The Chief Financial Officer will provide specific guidance on when financial vetting should be undertaken.

3.11. Award of Contract

3.11.1. The Council must notify the successful and unsuccessful bidders, in writing, of the outcome of a procurement process in accordance with the Public Contracts Regulations 2015.

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3.11.2. Where the procurement is above the applicable FTS threshold, the Council must observe a Standstill Period pursuant to the Public Contracts Regulations 2015.

3.11.3. Where the procurement is above the applicable FTS threshold, the contract award must not be made before the expiry of the Standstill Period.

3.11.4. Authority to award Contracts must be obtained prior to the award of a Contract and such authority must be in accordance with Appendix A - Procurement & Award Procedures of these Standing Orders and the Council's Scheme of Delegation.

3.12. Debriefing Organisations

3.12.1. Should you receive a debriefing request from a tenderer, please contact County Procurement or Legal & Democratic Services for advice.

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4. CONTRACTS

4.1. Form of Contracts

4.1.1. Pursuant to The Local Authorities (Executive Arrangements) (Modification of Enactments and Further Provisions) (England) Order 2001 the Council specifies that the following Contracts must be in writing:

- 4.1.1.1.1. any Contract above £5,000 awarded after a competitive process as determined in accordance with Standing Order 3 above;
- 4.1.1.1.2. those Contracts that do not fall within 4.1.1.1.1 with a contract value greater than £50,000;
- 4.1.1.1.3. Any Contract specified by the Director of Legal and Democratic Services or the Chief Financial Officer.

4.1.2. It is recommended that all other Contracts are in writing and, where they are not in writing, they must be evidenced in writing.

4.1.3. For the purposes of these Standing Orders, a Contract is in writing if all the terms agreed between the parties are set out in a document which is signed or sealed in accordance with these Standing Orders.

4.1.4. For the purposes of these Standing Orders, a Contract is evidenced in writing if all the terms agreed between the parties are set out in a number of documents that can be produced to prove the terms of the agreement.

4.1.5. Without prejudice to Standing Order 4.1.1 above, the decision as to whether a Contract is evidenced in writing rather than being in writing shall be the responsibility of the Executive Director of each Directorate.

4.2. Content of Contracts

4.2.1. Every Contract shall:

- (a) be in a form approved by the Director of Legal and Democratic Services;

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- (b) specify the subject matter, price, contract period and such other terms as are agreed;
- (c) require compliance with any appropriate British Standard Specification or Code of Practice or other equal and approved European standard;
- (d) indemnify the Council against any claim which may be made in respect of personal injury to any person in circumstances where it is not due to the negligence of the Council;
- (e) indemnify the Council against any claim for damage to property due to the negligence of the contractor and include provision to ensure that the contractor has appropriate insurance in place to protect against such claims and that the contractor shall produce evidence of such insurance to the satisfaction of the Council when requested;
- (f) contain a clause permitting cancellation in circumstances of corruption, such clause having the same effect as that set out in Appendix B to these Standing Orders;
- (g) contain a clause prohibiting a contractor from endorsing its products by reference in any way to the Council, such clause having the same effect as that set out in Appendix C to these Standing Orders;
- (h) contain a clause with acceptable levels of security in place with the effect of protecting the Council's data, including personal and special category data as defined by the Data Protection Act 2018, a model clause for which is available from Legal & Democratic Services. These requirements are in line with the Council's information security management system, current data protection legislation and information security best practice.
- (i) (where it is a contract for consultancy services) contain a clause requiring the consultant to comply at all times with the Council's Constitution including its Financial Regulations and Standing Orders Relating to Contracts'.

4.3. Contract Execution – Deed or Signature

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- 4.3.1. All Contracts in writing must be signed or sealed and dated (i.e. fully executed) before and not during or after the performance of the Contract and such signing, sealing and dating must be in accordance with these Standing Orders and the Council's Scheme of Delegation.
- 4.3.2. Pursuant to Standing Order 4.1.1 above, all Contracts in writing must be signed unless the Director of Legal and Democratic Services requires that they should be by deed or by law are required to be by deed. All Contracts that are set out as deeds must be sealed by the Director of Legal & Democratic Services in accordance with the procedure set out in Standing Order 4.3.3.
- 4.3.3. The Council seal shall only be applied in the presence of the Director of Legal and Democratic Services or some other person authorised by the Director of Legal and Democratic Services who shall also attest the sealing and record particulars of the sealing in a book kept for the purpose.
- 4.3.4. Any Contract that falls within Standing Order 4.1.1 must be signed by two Senior Officers on behalf of the Council as follows:
- (a) where Legal & Democratic Services has been involved in the preparation and/or drafting of the contractual requirements, one of the signatures must be from a Senior Officer within Legal & Democratic Services who is duly authorised to do so in accordance with the Council's Scheme of Delegation;
 - (b) where Legal & Democratic Services has not been involved in the preparation and/or drafting of the contractual requirements, two signatures from Senior Officers within the Directorate responsible for the Contract who are duly authorised to do so in accordance with the Council's Scheme of Delegation;
 - (c) where specifically directed by the Director of Legal and Democratic Services, in accordance with those directions.
- 4.3.5. Any other Contract that does not fall within Standing Order 4.1.1 shall be signed by the relevant Officer in accordance with the Council's Scheme of Delegation.
- 4.3.6. A Contract shall only be signed or sealed and dated where the appropriate required authorities are in place.

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4.4. Council Terms & Conditions and Award Letter

4.4.1. The Council's corporate Terms & Conditions for Goods & Services should be used as contractual terms for the purchase of goods and services where the value of the purchase is below the Supplies and Services FTS Threshold.

4.4.2. The Council's corporate Terms & Conditions for Works should be used as contractual terms for the purchase of works that are below £50,000.

4.4.3. The Terms & Conditions for Goods and Services and the Terms & Conditions for Works must not be used for Contracts with a value higher than those set out in Standing Orders 4.4.1 or 4.4.2 above unless the consent of the Director of Legal and Democratic Services has been obtained.

4.4.4. Where the Council's Terms & Conditions for Goods & Services or the Council's Terms & Conditions for Works are used, the appropriate Award Letter **must be** completed and signed by all contracting parties unless the purchase has been made using the Council's Purchase Order, in which case the Purchase Order must be processed in accordance with the Council's processing procedure.

4.4.5. A supplier's terms and conditions may only be used in exceptional circumstances and justification for using such terms and conditions must be evidenced in writing and approved by the relevant Executive Director.

4.5. Approved Lists

4.5.1. Approved lists must not be used where they are prohibited under the Public Contracts Regulations 2015.

4.6. Framework Agreements

4.6.1. A framework is an agreement put in place by the Council or an external contracting authority in accordance with regulation 33 of the Public Contracts Regulations 2015 with a provider or range of providers for the provision of goods, services or works.

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- 4.6.2. Suppliers bid competitively to be awarded a place on a framework. Each framework is different, but generally, suppliers must demonstrate how they can provide the goods and services required and to an agreed standard.
- 4.6.3. The number of suppliers on the framework differs from framework to framework, depending on what is being offered. Some frameworks have only one supplier offering complex, end to end services, while others will have lots of suppliers.
- 4.6.4. The term of a framework agreement must not exceed four years, except where:
- (a) a longer period is permitted under the light touch regime pursuant to Part 2, Chapter 3 of the Public Contracts Regulations 2015; or
 - (b) where exceptional circumstances justify a longer duration, as provided for in regulation 33(3) of the Public Contracts Regulations 2015.
- 4.6.5. When establishing a Derbyshire County Council framework, the framework agreement must be procured and approved in accordance with Protocol 1 or Protocol 5, dependent on the estimated framework value.
- 4.6.6. Any call-off from a Derbyshire County Council framework agreement must be undertaken in accordance with Protocol 3
- 4.6.7 Any call-off from a national, regional, sub-regional, consortium or other non-Derbyshire County Council (external) framework agreement shall only be undertaken in accordance with Protocol 2A. Where a Procurement Business Case is required, it must clearly identify the benefits to be gained, the legality of the framework agreement, the terms associated with any purchases made and details of how value for money will be obtained. The Business Case template is available from County Procurement Team
- 4.6.8 Publication of a Contract Award Notice must be made for all Contract awards (including the call-offs from either DCC or External frameworks) of £25,000 and above.
- 4.6.9 Call-Off Contract details must be entered onto the Council's central Contract Register for any Contract awards of £25,000 and above.

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4.7. Dynamic Purchasing System (DPS)

4.7.1 The DPS is a procedure available pursuant to regulation 34 of the Public Contracts Regulations 2015 for contracts for works, services and goods commonly available on the market procured under Protocols 1 or 5

4.7.2 The DPS can be used for identified types of requirements, which may be divided into 'lots' of products, works or services.

4.7.3 The DPS is a two-stage process. In the initial setup stage, all suppliers who meet the selection criteria must be admitted to the DPS.

4.7.4 The number of suppliers that may join a DPS cannot be restricted.

4.7.5 Unlike framework agreements, suppliers can also apply to join the DPS at any point during its lifetime.

4.7.6 Individual contracts are awarded during the second stage. In this stage, all suppliers on the DPS (or the relevant lot within the DPS) are invited to bid for the specific contract.

4.7.7 DPS is a completely electronic process and should be set up as set out in Regulation 34 of the Public Contracts Regulations 2015.

4.7.8 Where a DPS agreement is used, the agreement must be approved at Executive Director level where the procurement is already approved in the Departmental Service or Capital Plans and,

4.7.9 Where it is not already approved in the Departmental Service or Capital Plans, it must be approved by Executive Director, Cabinet Member or Cabinet, depending on value.

4.7.10 Any call-off under a Derbyshire County Council DPS agreement must be undertaken in accordance Protocol 3 and the award of the call-off contract must be approved in writing at Executive Director level in accordance with Scheme of Delegation.

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4.8. External Body Grant Funding

4.8.1 Where grant money is received by the Council to fund the provision of works, goods or services under a Contract, then these Standing Orders shall apply in full. However, where the Council administers grant money on the funding body's behalf, these Standing Orders may not apply, and advice should be sought from the Director of Legal & Democratic Services as to their applicability.

4.8.2 Where the funding body has attached grant conditions to the grant, care must be taken to ensure that any relevant grant requirements are appropriately captured in any Contracts between the Council and the eventual grant recipient.

4.8.3 Where grant conditions are attached that make compliance with these Standing Orders unachievable, the Director of Legal and Democratic Services shall advise accordingly.

4.8.4 For advice about whether these Standing Orders apply to a grant, please contact Legal & Democratic Services.

4.9. Contract Management

4.9.1 All Contracts must be contract managed to ensure that the Contract is carried out in accordance with its terms and conditions.

4.9.2 It is the responsibility of each Executive Director to ensure that appropriate contract management arrangements are put in place that are proportionate to any given Contract.

4.9.3 All Contract management information & KPI data should be stored centrally as part of the Council's central Contract Register held by County Procurement

4.9.4 All Contracts with a value of £25,000, must be recorded on the Council's central Contract Register held by County Procurement, and in line with the Local Government Transparency Code. All Contracts between £5,000 & £25,000 shall be reported to County Procurement and the Chief Financial Officer on a monthly basis.

4.9.5 Where possible, Contracts shall be identified on the Council's financial system to allow electronic ordering and to assist Officers in identifying approved Contracts.

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1.1 APPENDIX A - PROCUREMENT & AWARD PROCEDURES – Protocols

*FTS: The government e-notification service Find a Tender (FTS) which is used to post and view public sector procurement notices. Threshold values apply for the purposes of the Public Contracts Regulations 2015

*Contracts Finder - helps suppliers to find public sector procurement opportunities. It is aimed at potential suppliers, in particular smaller businesses and voluntary or charitable organisations, who are interested in doing business with government and public sector bodies.

Protocol	Spend Type	Process Required	Advertising Required	Contracting Requirements	Award of Contract	Publication of Award	Inclusion on SAP
Protocol 1 See section 3.3	All contracts, DCC frameworks & DPS procurements above FTS threshold.	Tender through the Council's approved eTendering system	FTS, Contracts Finder website	Contract approved by Director of Legal and Democratic Services	<p><u>Procurements approved in the Departmental Service or Capital Plans:</u></p> <p>Executive Director Approval</p> <p><u>Procurements not approved in the Departmental Service or Capital Plans:</u></p> <p>Below FTS: Executive Director Approval</p> <p>FTS to £500,000: Cabinet Member Approval</p> <p>Above £500,000: Cabinet Approval</p>	Contracts Finder FTS, Central Contract Register	MD4, published catalogue and contract detail

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	<p>(A) Permission to use an external/non-DCC Framework</p>	<p>Where the proposed procurement:</p> <p>(i) is from a pre-approved framework</p> <p>(ii) does not require any amendments to the Framework T&C's</p> <p>(iii) was included on an approved Departmental Service or Capital Plan</p>	None	Call-off as set out in the Framework documents	<p>Where Protocol 2(a) Process Requirements have been met the Award of Contract should follow Protocol 2(B)</p> <p><i>* Note – where the proposed procurement was not approved as part of a Departmental Service or Capital Plan and is above the FTS threshold, written approval will be required (in addition to the Procurement Business Case) via Cabinet Member or Cabinet dependent on value. A Key Decision Notice may also be required dependent on value.</i></p>	Not Applicable	Not Applicable
<p>Where the proposed procurement:</p> <p>(i) requires an amendment to the Framework T&C's</p> <p>(ii) is below £50,000 but high risk</p> <p>(iii) is above £50,000 and the framework to be used is not on the pre-approved framework list.</p> <p>(iii) have not been approved as part of an approved Departmental Service or Capital Plan</p> <p>Then:</p> <p>The submission of Procurement Business Case must be made to the Chief Financial Officer, Head of Procurement, and Director of Legal and Democratic Services, with final approval of the BC by an appropriate Executive Director under Scheme of Delegation.</p> <p>Note: Where the procurement was not approved as part of a Departmental Service or Capital Plan and is above the FTS threshold, written approval will be required (in addition to the Procurement Business Case) via Cabinet Member or Cabinet dependent on value. A Key Decision Notice may also be required dependent on value.</p>		None	Approval of the Framework documents & call of terms by Director of Legal and Democratic Services (as part of the Procurement Business Case Process)				

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Protocol 2(B) (See section 3.5)	(B) Call-off & award a contract from a External/non-DCC Framework	Call-off as set out in the Framework documents	None	Call-off as set out in the Framework documents	<u>Procurements approved in the Departmental Service Plans</u> Executive Director	£25,000 and above on, Contracts Finder, & Central Contract Register	MD4, published catalogue and contract detail
Protocol 3 (See section 3.6)	Call-off from a DCC Framework or Dynamic Purchasing System (established under Protocol 1 or 5)	Call-off as set out in the Framework or Dynamic Purchasing System documents	None	Approval of call-off terms by Director of Legal and Democratic Services	Executive Director or equivalent under scheme of delegation	£25,000 and above on, Contracts Finder, & Central Contract Register	MD4, published catalogue and contract detail.
Protocol 4 (See section 3.7)	Provider Selection Regime (Applicable to ASC&H or Childrens Services only)	Submission of Procurement Business Case to Chief Financial Officer, Head of Procurement and Director of Legal and Democratic Services for approval justifying use of: (i) Direct Award processes A, B and C or (ii) Most suitable provider process or (iii) Competitive process Or material changes to contracts (falling under PSR only)	FTS, Contracts Finder for Competitive process	Contract approved by Director of Legal and Democratic Services	<u>Procurements approved in the Departmental Service Plans</u> Executive Director <u>Procurements not approved in the Departmental Service Plans</u> FTS to £500,000 Cabinet Member Above £500,000 Cabinet	Contracts Finder FTS, & Central Contract Register	MD4
Protocol 5 (See section 3.8)	£50,000 to FTS threshold	Tender through the Council's approved eTendering system	For above £50,000 on Contracts Finder	The Council's Terms and Conditions or other form of contract as appropriate	Executive Director or equivalent under scheme of delegation	£50,000 and above on Contracts Finder, & Central Contract Register	MD4, published catalogue and contract detail
Protocol 6	Not used			NOT IN USE			

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Protocol 7 A & B (See section 3.9 & 3.10)	(A) Quotation up to £5,000	Minimum of 1 quotation	None	The Council's Terms and Conditions or other form of contract as appropriate	Executive Director or equivalent under scheme of delegation	None	Council debit card or MD4
	(B) Quotation above £5,000 to £50,000	Minimum of 3 written quotations	None	The Council's Terms and Conditions or other form of contract as appropriate	Executive Director or equivalent under scheme of delegation	£25,000 and above on Contracts Finder & Central Contract Register	MD4
Protocol 8 (See section 3.11)	Award of Contract without Competition	Submission of Business Case to Chief Financial Officer, Head of Procurement and Director of Legal and Democratic Services for approval	None	Contract approved by Director of Legal and Democratic Services	Up to FTS threshold: Executive Director FTS threshold to £500,000: Cabinet Member Above £500,000: Cabinet	£25,000 and above on Contract Finder FTS (if above the FTS threshold), & Central Contract Register	MD4, published catalogue and contract detail
P9	No used						
Protocol 10 (See section 3.12)	Material Changes to Contracts	Submission of Business Case to Chief Financial Officer, Head of Procurement and Director of Legal and Democratic Services for approval	None	Contract approved by Director of Legal and Democratic Services	Up to FTS threshold: Executive Director Above FTS threshold to £500,000: Cabinet Member Above £500,000: Cabinet	£25,000 and above on Contract Finder FTS (if above the FTS threshold), & Central Contract Register	Update of contract data

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1.2 APPENDIX B – Bribery, Corruption and Fraud Clause

1. The Council may terminate this contract by written notice with immediate effect and recover from the contractor all losses resulting from such termination, if the contractor, or any of its employees, agents or subcontractors (in all cases whether or not acting with the contractor's knowledge):
 - (a) directly or indirectly offers, promises or gives any person working for or engaged by the Council a financial or other advantage to:
 - I. induce that person to perform improperly a relevant function or activity;
 - II. reward that person for improper performance of a relevant function or activity;
 - (b) directly or indirectly requests, agrees to receive or accept any financial or other advantage as an inducement or a reward for improper performance of a relevant function or activity in connection with this contract;
 - (c) commits any offence:
 - I. under Section 117(2) of the Local Government Act 1972;
 - II. under the Bribery Act 2010;
 - III. under the Fraud Act 2006 and legislation creating offences concerning fraudulent acts;
 - IV. at common law concerning fraudulent acts relating to this contract or any other contract with the Council; or
 - V. defrauds, attempts to defraud or conspires to defraud the Council.

1.3 APPENDIX C – Endorsement Clause

1. The award of this Contract shall not entitle the contractor to endorse its products by reference in any way to the Council nor shall the contractor exhibit or display for advertisement or otherwise any goods, equipment or vehicles to be supplied under the Contract to the Council and which can be identified with the Council (whether the property in such goods, equipment or vehicles shall have passed to the Council or not) without the written consent of the Council

APPENDIX D – Modern Slavery Act1.

1. All suppliers subject to Section 54 of the Modern Slavery Act 2015 must comply with all the applicable human rights and employment laws as set out in the [Modern Slavery Act 2015](#).



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

19 March 2024

Report of the Director of Finance and ICT

Strategic Risk Register (2023-24 Quarter 3)

1. Purpose

1.1 The Financial Regulations require the Audit Committee to review the Council’s strategic risk register each quarter.

2. Information and Analysis

2.1 The strategic risk register contains the most significant Major Risks (Red and Amber) to the council that are subject to active monitoring and control. Over time, some risks have reduced below this level but have been retained for completeness.

2.2 A summary of the register, which includes the overall risk severity for each risk at the end of 2023-24 Q3, is shown in Table 1 below. Further detail about each risk is provided in Appendix 2. More detailed information about each risk, including narrative updates recording progress with each risk, is recorded on APEX for review by senior officers and can be provided to the Audit Committee if required.

Table 1 – Summary of current strategic risks (2023-24 Q3)

Risk description	Risk owner	Target score	Latest score (2023-24 Q3)
Impact of a prolonged recovery and a funding gap	Mark Kenyon	Green	Red
Increase in demand on Council services	Iain Little	Amber	Red

Failure to deliver critical services in emergency situations	Julian Gould	Green	Green
Failure to respond to emergency situations	Julian Gould	Green	Amber
Failure to manage contracts across the county council	Mark Kenyon	Green	Green
Failure to determine the future use and VFM of the council's New Waste Treatment Facility	Claire Brailsford	Blue	Amber
Information governance and data security	[Director of Digital]	Green	Amber
Failure to adapt to climate change	Claire Brailsford	Green	Red
Protection of vulnerable adults	Simon Stevens	Green	Red
Protection of vulnerable children	Carol Cammiss	Green	Green
Maintenance of property assets	Janet Scholes	Green	Amber
Failure to maintain highways assets	Julian Gould	Green	Amber
Failure to maintain countryside sites and waterways	Claire Brailsford	Blue	Amber
Failure to understand or respond adequately to new or changing legislation and regulation	Helen Barrington	Green	Green

2.3 The overall severity of three risks changed in 2023-24 Q3. The changes are summarised in Table 2.

Table 2: Strategic risk register - changes in risk severity in 2023-24 Q3

Risk description	Risk owner	Target score	Latest score (2023-24 Q2)	Change from last quarter
Failure to manage contracts across the county council	Mark Kenyon	Green	Green	Severity reduced from Amber
Failure to maintain highways assets	Julian Gould	Green	Amber	Severity reduced from Red
Failure to understand or respond adequately to new or changing legislation and regulation	Helen Barrington	Green	Green	Severity increased from Blue

2.4 Improvement in the contract management risk is because the contract management implementation project is now fully staffed, approval of the new contract management framework was imminent, and training for implementation of the new Public Procurement Act 2023 is in place. The severity of the highways maintenance risk reduced because of new funding received from the Department of Transport as part of Network North, and further funding expected to improve longer term investment in highways. The risk remains high because of the ongoing and considerable impacts of adverse weather events compounding historical underinvestment in the network. The increased risk to understanding

and responding to new and changing legislation arises from increased staff turnover within legal services.

- 2.5 The acceptable level of risk (target scores) for four risks were changed in 2023-24 Q3. These changes are summarised in Table 3.

Table 3: Strategic risk register - changes in target scores in 2023-24 Q3

Risk description	Risk owner	Target score	Latest score (2023-24 Q2)	Change from last quarter
Impact of a prolonged recovery and a funding gap	Mark Kenyon	Green	Red	Target reduced from Amber
Information governance and data security	[Director of Digital]	Green	Amber	Target reduced from Amber
Failure to adapt to climate change	Claire Brailsford	Green	Red	Target reduced from Amber
Failure to maintain countryside sites and waterways	Claire Brailsford	Blue	Amber	Target reduced from Green

- 2.6 Changes to target scores reflect a more realistic expectation by risk owners about the acceptable level of these risks to the Council. These assessments take account of the potential impacts, likelihood and cost to control these risks at the revised level.
- 2.7 Senior officers keep the strategic risk register and departmental risk registers under regular review. Risks may move between registers depending on their strategic significance and current overall severity rating.
- 2.8 The corporate management team recently identified the statutory duty to provide suitable Children in Care placements as a new strategic risk. This is because of escalating costs and demand outstripping the supply of suitable placements for each child's needs set out in their care plan. This risk, which is scored Red (20), will appear on the strategic risk register from 2023-24 Q4.
- 2.9 Other operational risks could be escalated to the strategic risk register in the coming months. This is largely driven by the pressure on Council finances and its statutory obligations to deliver specific services.

2.10 The audit committee will note that financial pressures are unlikely to ease in the short to medium term. The Budget on 7 March 2024 indicated a further squeeze on local authority budgets and the continuation of single year funding settlements by central government which hampers effective budgeting. This is a substantial risk as demonstrated by the Local Government Information Unit's (LGiU) 2024 State of Local Government Finance survey in England. The survey, published shortly before the Budget, revealed that a further 14 councils believe it is likely or very likely they will issue a Section 114 notice this financial year, and at least 74 councils overall expecting to do so in the next five years.

3. Alternative Options Considered

3.1 This is a regular report on the strategic risk register and risk management.

4. Implications

4.1 Implications are discussed in Appendix 1.

5. Consultation

5.1 The information in Appendix 2 was provided by risk owners.

6. Background Papers

6.1 Electronic files held by Risk and Insurance, Finance & ICT Services, County Hall Complex.

7. Appendices

7.1 Appendix 1 – Implications.

7.2 Appendix 2 – Strategic Risk Register.

7.3 Appendix 3 – Risk severity matrix and tables.

9. Recommendations

9.1 That the Audit Committee notes this report.

10. Reasons for recommendations

10.1 The Audit Committee is charged with providing assurance to the Council about risk management.

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Implications

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.

Strategic Risk Register

2023-24 Quarter 3 (31 December 2023)

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.

APEX Unique Risk Number (URN): 518

Risk Owner: Mark Kenyon, Director of Finance

Assessment history:

Target	Likelihood:	2022-23	2023-23	2023-24	2023-24	2023-24	Likelihood:
Green (9) by tba	Possible (3)	Q3	Q4	Q1	Q2	Q3	Almost certain (5)
	Impact: Moderate (3)	Red (25)	Red (25)	Red (25)	Red (25)	Red (25)	Impact: Substantial (5)

Reputation impact assessment: Moderate

Financial impact assessment: Band 8 (Loss over £20 million)

Quarter 3 update:

The financial position and outlook for the Council remain challenging. The position reported at Q2 revenue monitoring was a forecast overspend of £33m, after the use of £34m of earmarked reserves (£25m was budgeted). If the forecast overspend is not addressed, the Council's General Reserve balance will be depleted. The Council has implemented a number of actions designed to mitigate the overspend and continues to monitor its financial position.

Increase in demand on council services

As demand for services changes, the Council may need to adapt the services it currently offers 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.

APEX Unique Risk Number (URN): 331

Risk Owner: Iain Little, Deputy Director of Public Health

Assessment history:

Target	Likelihood:	2022-23	2023-23	2023-24	2023-24	Likelihood:

Amber (16) by tba	Probable (4)	Q3	Q4	Q1	Q2	Q3	Probable (4)
	Impact: Significant (4)	Red (20)	Red (20)	Red (20)	Red (20)	Red (20)	Impact: Substantial (5)

Reputation impact assessment: Moderate

Financial impact assessment: Band 6 (Loss between £5 million and £10 million)

Quarter 3 update:

No change.

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. 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.

APEX Unique Risk Number (URN): 394

Risk Owner: Julian Gould, Director of Highways

Assessment history:

Target Green (8) by 31/03/23	Likelihood: Unlikely (2)	2022-23 Q3	2023-23 Q4	2023-24 Q1	2023-24 Q2	2023-24 Q3	Likelihood: Unlikely (2)
	Impact: Significant (4)	Amber (15)	Amber (15)	Amber (15)	Green (8)	Green (8)	Impact: Significant (4)

Reputation impact assessment: Moderate

Financial impact assessment: Band 5 (Loss between £3 million and £5 million)

Quarter 3 update:

Corporate Emergency Plan and interim version of the Corporate Business Continuity Plan have both been updated and issued in December 2023. Emergency Control Centre refurbishment is now complete.

Failure to respond to emergency situations

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.

APEX Unique Risk Number (URN): 403

Risk Owner: Julian Gould, Director of Highways

Assessment history:

Target	Likelihood: Unlikely (2)	2022-23 Q3	2023-23 Q4	2023-24 Q1	2023-24 Q2	2023-24 Q3	Likelihood: Possible (3)
Green (10) by tba	Impact: Substantial (5)	Green (10)	Green (10)	Green (10)	Amber (15)	Amber (15)	Impact: Substantial (5)

Reputation impact assessment: High

Financial impact assessment: Band 5 (Loss between £3 million and £5 million)

Quarter 3 update:

Derbyshire County Council Business Continuity Plan (interim) and Emergency Plan updated and issued December 2023. Risk likelihood remains at Possible due to staff shortages within the Emergency Planning Team structure. Approval for recruitment to backfill positions is in progress.

Failure to manage contracts across the county council

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.

APEX Unique Risk Number (URN): 520

Risk Owner: Mark Kenyon, Director of Finance

Assessment history:

Target	Likelihood: Possible (3)	2022-23 Q3	2023-23 Q4	2023-24 Q1	2023-24 Q2	2023-24 Q3	Likelihood: Possible (3)
Green (8) by 31/03/23	Impact: Moderate (3)	Red (25)	Red (25)	Red (25)	Amber (16)	Green (9)	Impact: Moderate (3)

Reputation impact assessment: High

Financial impact assessment: Band 8 (Loss over £20 million)

Quarter 3 update:

The team delivering the CM Implementation project is now fully staffed. Approval for adopting DCC contract management framework likely to be ready in Feb-2024, identifying named contract leads, selecting pilot contracts to test contract management framework and templates will be completed Feb-2024. First communication for Our Derbyshire sent outlining new Public Procurement Act 2023 with links to 'Knowledge Drops' is with communications

team, monthly updates are planned going forward. Contract Management Project Plan is slow, awaiting an allocated PMU contract to help with this.

Failure to determine the future use and VFM of the council's New Waste Treatment Facility

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.

APEX Unique Risk Number (URN): 404

Risk Owner: Claire Brailsford, Director of Environment & Transport

Assessment history:

Target Blue (4) by tba	Likelihood: Unlikely (2)	2022-23 Q3	2023-23 Q4	2023-24 Q1	2023-24 Q2	2023-24 Q3	Likelihood: Possible (3)
	Impact: Minimal (2)	Red (20)	Red (20)	Red (20)	Amber (15)	Amber (15)	Impact: Substantial (5)

Reputation impact assessment: High

Financial impact assessment: Band 7 (Loss between £10 million and £20 million)

Quarter 3 update:

No change.

Information governance and data security

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.

APEX Unique Risk Number (URN): 521

Risk Owner: tba, Director of Digital

Assessment history:

Target Green (9) by tba	Likelihood: Possible (3)	2022-23 Q2	2023-23 Q4	2023-24 Q1	2023-24 Q2	2023-24 Q3	Likelihood: Possible (3)
	Impact: Moderate (3)	n/r	Amber (15)	Amber (15)	Amber (12)	Amber (12)	Impact: Significant (4)

Reputation impact assessment: High

Financial impact assessment: Band 3 (Loss between £100,000 and £1 million)

Quarter 3 update:

Draft strategy has now been published for review and comments. Next steps to be determined by IGG before being sent approved to cabinet.

Failure to adapt 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.

APEX Unique Risk Number (URN): 405

Risk Owner: Claire Brailsford, Director of Environment & Transport

Assessment history:

Target	Likelihood: Unlikely (2)	2022-23 Q3	2023-23 Q4	2023-24 Q1	2023-24 Q2	2023-24 Q3	Likelihood: Probable (4)
	Green (10) by 31/03/25	Impact: Substantial (5)	Red (20)	Red (20)	Red (20)	Red (20)	Red (20)

Reputation impact assessment: High

Financial impact assessment: Band 8 (Loss over £20 million)

Quarter 3 update:

A report is being finalised during Q4 of 2023-24 to make recommendations for further steps that the Council should take at all levels to improve resilience and adapt to the risks and opportunities. This will be presented to the Corporate Risk Management Group for comment and implementation guidance prior to seeking support from CMT and Cabinet (if necessary) and for implementation from 2024-25. The Natural Capital Strategy for Derbyshire has been completed and, with the forthcoming Local Nature Recovery Strategy, will be key reference points in informing the Council's actions to adapt to the impacts of climate change. The Tree and Woodland Strategy for Derbyshire will help improve the resilience of Derbyshire's natural and built environment to the impacts of climate change. Work is ongoing within particularly vulnerable service areas, such as Highways and Public Health, to understand how their services must adapt to the impacts of climate change and extreme weather.

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. 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. A specific Quality

Assurance Framework is applied across all the directly provided services such as residential care, homecare, shared lives, supported living and day care activity.

APEX Unique Risk Number (URN): 469

Risk Owner: Simon Stevens, Executive Director of Adult Social Care & Health

Assessment history:

Target Green (10) by 31/03/23	Likelihood: Unlikely (2)	2022-23 Q3	2023-23 Q4	2023-24 Q1	2023-24 Q2	2023-24 Q3	Likelihood: Probable (4)
	Impact: Substantial (5)	Amber (15)	Amber (15)	Red (20)	Red (20)	Red (20)	Impact: Substantial (5)

Reputation impact assessment: High

Financial impact assessment: Band 4 (Loss between £1 million and £3 million)

Quarter 3 update:

Additional capacity funded via investment of market sustainability and improvement fund is delivering increased capacity for managerial assurance activity, including supervision and management of safeguarding work, and activity to reduce waiting lists. DCC ASC and ADASS tools being used in assurance activity.

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 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. A range of robust mitigation measures are in place and will continue.

APEX Unique Risk Number (URN): 522

Risk Owner: Carol Cammiss, Executive Director of Children's Services

Assessment history:

Target Green (9) by 25/09/23	Likelihood: Possible (3)	2022-23 Q2	2023-23 Q3	2022-23 Q4	2023-24 Q2	2023-24 Q3	Likelihood: Possible (3)
	Impact: Moderate (3)	Amber (12)	Amber (15)	Amber (12)	Green (9)	Green (9)	Impact: Moderate (3)

Reputation impact assessment: High

Financial impact assessment: Band 3 (Loss between £100,000 and £1 million)

Quarter 3 update:

Risk impact has been maintained at 'moderate' in this quarter to reflect the comprehensive actions in place to mitigate. The recent ILACS inspection and our own QA framework provides assurance the mitigations are supporting service delivery and risk minimisation.

Maintenance of property assets

Failure to maintain our property assets could lead to significant fines; significant litigation; decreased staff morale; reputational damage; HSE investigation.

APEX Unique Risk Number (URN): 523

Risk Owner: Janet Scholes, Director of Property

Assessment history:

Target	Likelihood:	2022-23 Q3	2023-23 Q4	2023-24 Q1	2023-24 Q2	2023-24 Q3	Likelihood:
Green (9) by 30/04/24	Possible (3)	Amber (15)	Amber (15)	Amber (15)	Amber (15)	Amber (15)	Possible (3)
	Impact: Moderate (3)						Impact: Substantial (5)

Reputation impact assessment: Moderate

Financial impact assessment: Band 4 (Loss between £1 million and £3 million)

Quarter 3 update:

No change.

Failure to maintain highways assets

Failure to maintain highways assets resulting in risk of damage or harm to the public and/or employees as well as the environment and/or failure to comply with statutory duties, obligations, guidance or good practice. 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. Issues such as landslips, retaining walls and ageing structures cannot all be addressed in the short-term or within current budgets. The county's highways assets are prone to climate change issues such as landslips. Derbyshire's approach to Highways Asset Management is set out in the 2016 Code of Practice for Well-Managed Highway Infrastructure which requires local authorities to adopt a risk based, integrated asset management approach to maintaining highway infrastructure.

APEX Unique Risk Number (URN): 406

Risk Owner: Julian Gould, Director of Highways

Assessment history:

Target	Likelihood:	2022-23 Q3	2023-23 Q4	2023-24 Q1	2023-24 Q2	2023-24 Q3	Likelihood:
Green (9) by	Possible (3)	Amber	Amber	Red	Red	Amber	Probable (4)
	Impact: Substantial						Impact: Significant

31/03/23	(5)	(12)	(12)	Red (20)	(20)	(16)	(4)
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Reputation impact assessment: Moderate

Financial impact assessment: Band 4 (Loss between £1 million and £3 million)

Quarter 3 update:

Given current financial conditions and adverse weather events during Q3 the impact on the condition of the network is still being assessed to plan appropriate mitigations where possible. The additional DfT funding received as part of Network North will help toward mitigating the impacts of the adverse weather events. We are yet to see the DfT funding profile for the remainder of the Network North funding but this will provide the potential long term investment in Highway assets. Risk has been reassessed and the current assessment reflects the current position given all of the factors and actions in place. Finance and resource still remain an issue when compounded with the adverse weather events.

Failure to maintain countryside sites and waterways

Failure to maintain countryside sites and waterways resulting in risk of damage to human health, the environment or assets and/or failure to comply with statutory duties, obligations, guidance or good practice. 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. 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.

APEX Unique Risk Number (URN): 407

Risk Owner: Claire Brailsford, Director of Environment & Transport

Assessment history:

Target	Likelihood:	2022-23 Q3	2023-23 Q4	2023-24 Q1	2023-24 Q2	2023-24 Q3	Likelihood:
Blue (4) by tba	Rare (1)						Possible (3)
	Impact: Significant (4)	Amber (15)	Amber (15)	Amber (15)	Amber (12)	Amber (12)	Impact: Significant (4)

Reputation impact assessment: High

Financial impact assessment: Band 4 (Loss between £1 million and £3 million)

Quarter 3 update:

Work on managing existing large raised reservoirs continues and detailed in a separate risk. A canal inspection standard has been developed with the help of Mott McDonald Ltd along with recording and mapping of structures on the Cromford and Chesterfield Canals. Further work is ongoing developing inspection paperwork and emergency plans for the canals.

Following the audit review of Countryside Services and the resulting report in Q2 2023/4, the lack of coordinated management of Countryside service structures has been highlighted as an issue. Countryside staff are working with the structures team to identify countryside structures, log them on the AMX software and look at establishing a programme of inspection and routine maintenance. A revenue growth bid to support this work was submitted in Q2. A capital bid has also been submitted in Q2 to address outstanding repairs to high risk bridges and structures in the countryside site portfolio.

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.

APEX Unique Risk Number (URN): 524

Risk Owner: Helen Barrington, Director of Legal & Democratic Services

Assessment history:

Target	Likelihood: Possible (3)	2022-23 Q3	2023-23 Q4	2023-24 Q1	2023-24 Q2	2023-24 Q3	Likelihood: Possible (3)
	Green (9) by 31/03/22	Impact: Moderate (3)	Red (20)	Red (20)	Amber (15)	Blue (5)	Green (9)

Reputation impact assessment: High

Financial impact assessment: Band 7 (Loss between £10 million and £20 million)

Quarter 3 update:

Online resources are a positive asset - staff turnover may impact negatively though.

Risk severity matrix and tables

All corporate risks have a primary and secondary assessment.

Primary assessment

The primary assessment considers the main potential impacts of the risk event and the likelihood of the risk event occurring. The highest impact score is multiplied by the likelihood score to give an overall risk severity rating.

Impact Score	Substantial	5	Blue	Green	Amber	Red	Red
	Significant	4	Blue	Green	Amber	Amber	Red
	Moderate	3	Blue	Green	Green	Amber	Amber
	Minimal	2	Blue	Blue	Green	Green	Green
	Negligible	1	Blue	Blue	Blue	Blue	Blue
			1	2	3	4	5
			Rare	Unlikely	Possible	Probable	Almost certain
			Likelihood Score				

Secondary impacts

Secondary impacts result from the primary risk event occurring. Two assessments are made of the secondary impact on:

- Corporate reputation
- Net financial loss

The primary impact and likelihood scoring tables and secondary impact assessment tables are shown below.

Primary 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
5	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 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
4	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
3	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
2	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
1	None	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact

Likelihood scoring

		Time-based assessment	Relative assessment	Probability assessment
5	Almost certain	Will likely occur every year	Almost certainly will occur	95% of more chance will occur
4	Probable	Could occur every year	Quite likely to occur	60-94% chance will occur
3	Possible	Could occur every two years	Might occur	30-59% chance will occur
2	Unlikely	Could occur every five years	Less likely to occur	10-29% chance will occur
1	Rare	Unlikely to occur ever	Extremely unlikely to occur	Less than 10% chance will occur

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 net 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



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

19 March 2024

Report of the Assistant Director of Finance (Audit)

Annual Internal Audit Plan 2024-25 (Q1-Q2)

1. Purpose

- 1.1 To present to Members for consideration and approval the proposed Internal Audit Plan for 2024-25 (Q1-Q2).

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.

Approach

- 2.2 The paper presented is for a half year plan which is a move away from the traditional full year audit plan. A half year plan is designed to ensure a focused plan can be achieved and allow the Council to move to a continuous planning approach. This approach will deliver the benefits of a truly agile audit service that can deliver focused outputs as key risks facing the organisation emerge. Furthermore, this approach was recently suggested as part of the External Quality Assessment the service received from the Institute of Internal Auditors.

Risk Focus

2.3 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 Section 151 Officer and Monitoring Officer
- 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.

Balance Approach

2.4 The Audit Service supports the Council above and beyond the delivery of individual audits and time is allocated within the audit plan to support other key work streams including Corporate Governance, Anti-Fraud and Corruption as well as sitting on a number of key meetings such as Governance Group, Information Governance Group and Finance Officers Group to provide guidance on risk and controls.

Delivery of Audit Work

2.5 As the Council continues to face significant budget challenges and restrictions upon service delivery, Audit Services resources are not immune from these pressures and the focus of the unit will be to ensure efficient and effective use of the units resources to ensure that sufficient assurance and compliance work is completed, to enable the Head of Internal Audit (HIA) to form an opinion in the 2024-25 Annual Audit Report.

2.6 The revised Audit staffing structure (see Appendix 2) will deliver **2,192** Audit days in total across 2024-25, therefore anticipated to be **1,096** delivering the Q1 & Q2 Plan presented. The audit days have been calculated using current and estimated resources. Several assumptions have been made in calculating the number of available Audit days including allowance for sickness, leave, training and other non-audit work that staff must completed as employees of the Council. Therefore,

the number of days is prone to fluctuations but will be reported at each progress report in terms of the input of audit days and the output delivered.

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 Electronic files and Audit working papers held by Audit Services, Finance & ICT Services, County Hall.

7. Appendices

7.1 Appendix 1 – Implications.

7.2 Appendix 2 – Audit Services Plan 24-25 (Q1-Q2).

8. Recommendation(s)

That Committee:

- a) consider and endorse the approach taken to create the proposed Draft Internal Audit Plan for 2024-25 (Q1-Q2)
- 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.

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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.

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Audit Services Unit

Audit Plan 2024-25

(Q1 & Q2)

19 March 2023

Page 543

Mark Lunn (Assistant Director of Finance (Audit))

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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 purpose of this document is to provide the Audit Committee with the proposed 2024/25 (Q1 & Q2) Audit Plan for consideration and approval. In considering the document, the audit committee are asked to consider:

- whether the balance is right in terms of coverage and focus;
- whether we have captured key areas that would be expected; and
- whether there are any significant gaps.

Scope and Purpose of Internal Audit

Role of Internal Audit

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 purpose of internal audit is to provide independent and objective opinion on risk management, control and governance and their effectiveness in achieving the Councils agreed objectives

Government accounting standards require Accounting Officers to make provision for internal audit in accordance with UK Public Sector Internal Audit Standards (PSIAS), as produced by the Internal Audit Standards Advisory Board.

Objective

Internal auditing is 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. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control.

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.

Internal Audit Plan

Completion of the internal audits proposed in the 2024/25 Plan should be used to help inform the Council’s Annual Governance Statement.

The work of Audit Services in completing the audit plan will be 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.

Audit Charter

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 Plan 2024/25 (Q1 & Q2)

Approach

The recent External Quality Assessment of the Audit Services Team noted *“Many Internal Audit teams have moved away from traditional annual planning to a more frequent, agile and rolling programme of work. The CAE could engage with key stakeholders to consider how best to implement a more modern, risk-based approach to planning.”* Following discussions with key stakeholders it has been agreed that 2024-25 Audit Plan will be split into two halves to recognise the need of an audit service to be flexible, focused and adopt a continuous planning approach that is able to react to the risk landscape that can evolve and change quickly. Therefore, the audit committee are being presented with the first half of the overall audit plan for 24-25 that covers the first two quarters of the financial year.

This approach 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 further developing the use of Audit Assurance Mapping and Continuous Audit techniques 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. Moreover, the plan includes contingency time for the service to be adaptable to the needs of the Council and provide the critical friend role in supporting the Council meet its current challenges.

Throughout 2024-25 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. 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 with a key focus on the output of audit work being reported.

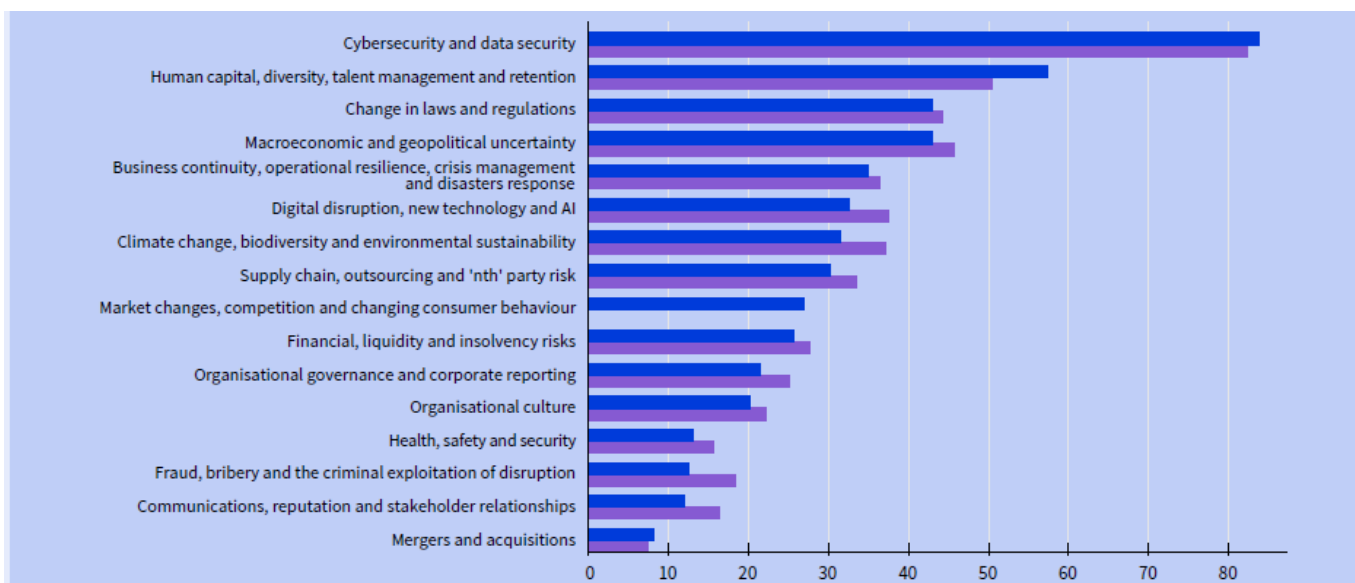
The benefits of this continual audit planning approach will ensure the plan remains focused on addressing the needs of the organisation and factor in key streams of work that happen at different times in the year, such as the completion of the Executive Director Assurance Statements and the Annual Governance Statement.

Risk Based Focus

As highlighted by the Institute of Internal Auditors. *“All organisations face risk. The key to an organisation’s success is to manage those risks effectively”*. The Audit Service therefore will support management in evaluating how well risks are being managed. Therefore, the Audit Plan needs to be focused on the risks being faced by the organisation and therefore Plan has been formulated from a wide range of sources including: -

- Council Plan
- Council’s Strategic & Departmental Risk Register
- Meetings with Corporate Management Team, Executive Directors and Directors
- Previous cyclical Audit work, knowledge of systems, controls and follow up of previous Audit recommendations
- Sector knowledge and emerging risks.

Looking forward the Council faces a number of challenges with financial resilience being the most immediate focus but other areas of high risk have been identified and the *Chartered Institute of Internal Auditors 2024 Risk in Focus* survey has categorised these as:



The Audit Plan has been developed to align with the risks being faced by the organisation and provide assurance that the risks in these areas are being effectively managed. A balance audit plan covering a wide range of risk areas will enable management to get a broad understanding of risk management across the Council.

Balanced Approach

The Audit Service supports the Council above and beyond the delivery of individual audits and time is allocated within the audit plan to support other key work streams including Corporate Governance, Anti-Fraud and Corruption as well as sitting on a number of key meetings such as Governance Group, Information Governance Group and Finance Officers Group to provide guidance on risk and controls.

The Audit Services contributes to the Council's governance framework and routinely evaluates the Council's governance processes, as required by the PSIAS 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 and evaluates governance arrangements of the service area or functions under review.

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 and has a number of proactive works streams that audit service deliver and regularly report back to the audit committee.

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. The 2024-25 Audit Plan has allocated resources 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 and liaising with External Audit and other external bodies including Derbyshire Police.

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.

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.

As the Council continues to face significant budget challenges and restrictions upon service delivery, Audit Services resources are not immune from these pressures and the focus of the unit will be to ensure efficient and effective use of the units resources to ensure that sufficient assurance and compliance work is completed, to enable the Head of Internal Audit (HIA) to form an opinion in the 2024-25 Annual Audit Report.

The revised Audit staffing structure (see Appendix 2) will deliver **2,192** Audit days in total across 2024-25, therefore anticipated to be **1,096** delivering the Q1 & Q2 Plan presented. The audit days have been calculated using current and estimated resources. Several assumptions have been made in calculating the number of available Audit days including allowance for sickness, leave, training and other non-audit work that staff must completed as employees of the Council. Therefore, the number of days is prone to fluctuations but will be reported at each progress report in terms of the input of audit days and the output delivered.

The Unit remains committed to providing a wide range of Audit services, including the specialist areas of investigative and IT Audit work and 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. The Audit Strategy is being revised in light of the recent External Quality Assessment findings but time is being dedicated for the unit to upskill its use of data analytics and develop continuous audit techniques that will add value for the Council and provide a more efficient and effective audit service.

Audit Plan Coverage 2024-25 (Q1 & Q2)

The key elements of the Audit Services Plan for 2024-25 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	Budget Savings Plans	IT Assurance Map	Audit Committee Governance Group Information Governance Group Data Protection Group Assurance Mapping Continuous Audit Data Analytics
	Partnership Working	Human Resources Management	Shaping Cloud	Counter Fraud
	Inductions	Accounts Payable	Compliance with NCSS	
	Contract Management	Corporate Purchasing	Data Protection	Audit Investigations National Fraud Initiative National Anti-Fraud Network RIPA Management
	Contract Extensions	Accounts Receivable		
	External Grants Certification	Accountancy, Budgetary Control & Financial Resilience		

Categorisation	Audit Plan Reviews by Department			
	Corporate Services & Transformation	Children's Services	Adult Social Care & Health	Place
Priority Reviews	Discretionary Grants	Thematic School Reviews	Mosaic PO Numbers	Disposal of Materials
	Registrar Service	Personal Budgets	Waiting List Management	Review of Waste Management (incl. System)
	Property Valuations	Special Education Needs	Peer Group Discussions	Concessionary Fares
	Property Contractor Management	Complaints Management	Public Health	
	Property Maintenance			
Future Considerations	Health & Safety			
	Mobile Device Management	Looked After Children	Derbyshire Discretionary Fund	Countryside
	SharePoint Storage	Management of S106 Income	Derbyshire Shared Care Record	Equipment Hire
	Agency Follow Up			Property Consultancy Services
	Third Party Arrangements			

Appendix 1 – Detailed Audit Services Plan 2024-25 (Q1 & Q2)

The following tables set out the Audit Services detailed planned work for the period 1 April 2024 - 30 September 2024.

Dept	Area	Audit	Risk Type	Council Plan Priority
Corporate	People	Workforce Development	People & Organisation (M)	2
Corporate	People	Partnership Working	People & Organisation (M)	1, 2
Corporate	People	Inductions	People & Organisation (H)	2
Corporate	Procurement	Contract Management	Financial, Legal & Reputational (H)	2
Corporate	Property	Contract Extensions	Financial, Legal & Reputational (H)	2
Corporate	Grants	External Grants, Certifications and Assurance Work	Financial (M)	3
CST	Digital	IT Assurance Map	Data Security (H)	2
CST	Digital	Shaping Cloud	Organisation & Financial (H)	2
CST	Digital	Compliance with National Cyber Security Centre	Cyber Security (H)	2
CST	Digital	Data Protection	Data Security (H)	2
CST	Finance	Budget Savings Plans	Financial (H)	2
CST	Finance	Human Resources Management	Financial (H)	2
CST	Finance	Accounts Payable	Financial (H)	2
CST	Finance	Corporate Purchasing	Financial (H)	2
CST	Finance	Accounts Receivable	Financial (H)	2
CST	Finance	Accountancy, Budgetary Control and Financial Resilience	Financial (H)	2
CST	Property	Property Contractor Management	Financial, Legal & Reputational (M)	1,2
CST	Property	Property Valuations	Financial & Reputational (H)	1,2
CST	Property	Property Maintenance	Financial, Legal & Reputational (H)	2,3
CST	Property	Health & Safety	People & Organisation (H)	1
CST	DS	Registrar Service	Legal & Reputational (M)	1,3
CST	DS	Discretionary Grants	Financial & Reputational (M)	3

Appendix 1 – Detailed Audit Services Plan 2024-25 (Q1 & Q2)

Dept	Area	Audit	Risk Type	Council Plan Priority
CS		Special Education Needs	Financial & Legal (H)	3
CS		Personal Budgets	Financial, Legal & Reputational (H)	2,3
CS		Complaints Management	Legal & Reputational (M)	2
CS		Thematic School Reviews	Legal & Reputational (M)	1,3
ASCH		Mosaic PO Numbers	Financial (H)	3
ASCH		Waiting List Management	Legal & Reputational (H)	3
ASCH		Peer Group Discussions	Legal & Reputational (H)	3
ASCH		Public Health	Financial, Legal & Reputational (M)	1,4
Place		Disposal of Materials	Financial, Legal & Reputational (M)	2,4
Place		Review of Waste Management (incl. System)	Legal & Reputational (H)	4
Place		Concessionary Fares	Financial, Legal & Reputational (M)	4
Audit Services Management				
Strategic Management (Audit)			Data Protection Group & Support	
Continuous Audit			Audit Committee & Support	
Assurance Mapping			Governance Group & Support	
Audit Data Analytics			National Fraud Initiative	
Embedding Corporate Governance			National Anti-Fraud Network	
Information Governance Group & Support			Ripa Management & Admin	
Cyber Security Group & Support			Counter Fraud and Audit Investigations	
Audit Contingency			Guidance & Advice	

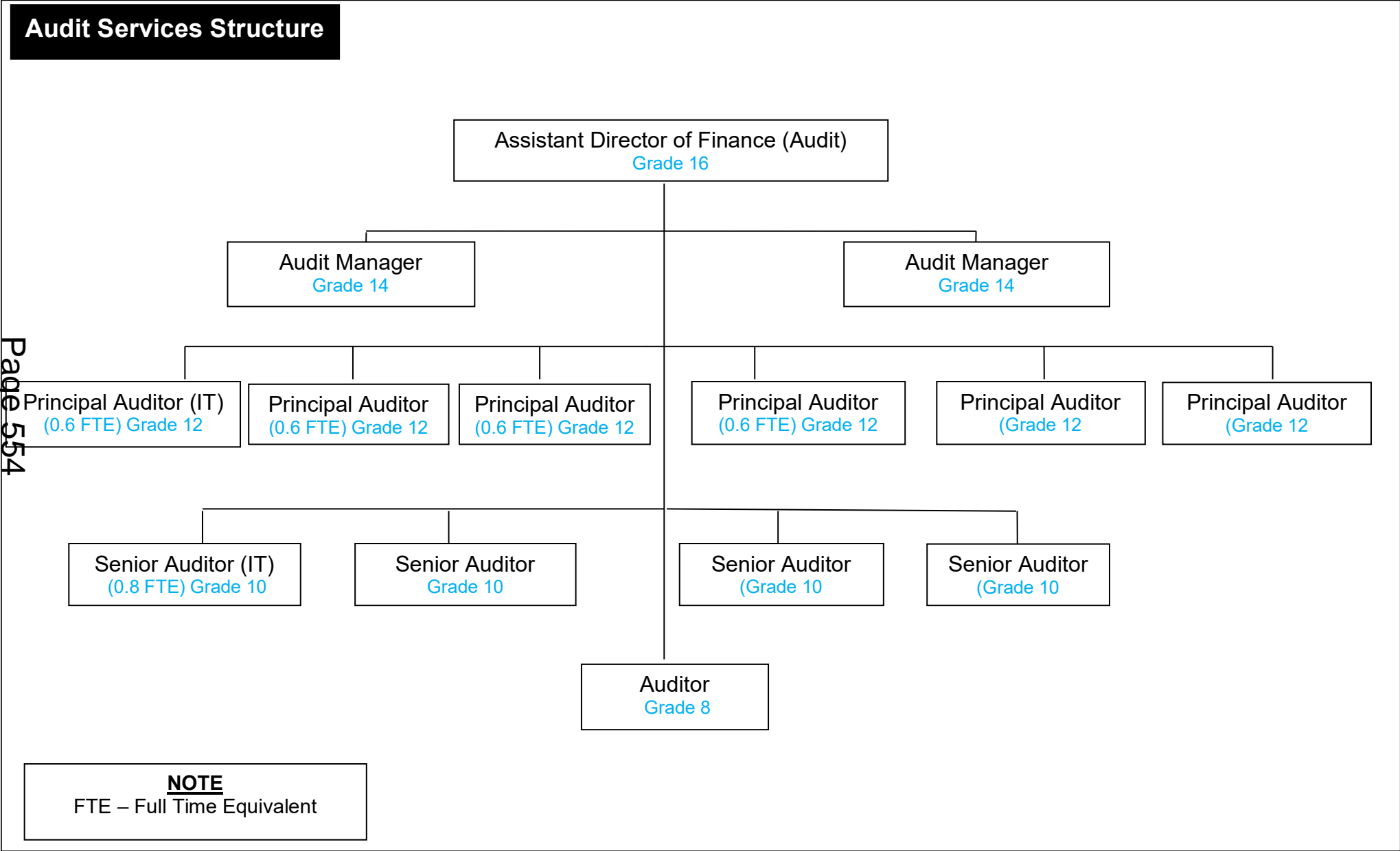
Appendix 1 – Detailed Audit Services Plan 2024-25 (Q1 & Q2)

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



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Audit Progress Report

Derbyshire County Council – year ended
31 March 2022 and 31 March 2023

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March 2024



Agenda Item 14

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- 02 [Progress update on the financial statement audit](#)
- 03 [Draft commentary on VFM arrangements](#)
- 04 [Audit fees](#)

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Appendix A: Insights and publications

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

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01

Section 01: **Introduction**

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1. Introduction

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO').

This report updates the Audit Committee with the work performed in relation to the financial years ended 31 March 2022 and 31 March 2023 and are summarised below.

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Opinion on the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

2021/22

Our audit report, issued in December 2023, gave an unqualified opinion on the financial statements for the year ended 31 March 2022.

2022/23

Our audit report, to be issued in March 2024, is expected to give an unqualified opinion on the financial statements for the year ended 31 March 2023.

2023/24

Our planning work for 2023/24 is underway and we are in the process of agreeing dates over the summer to complete our work with the aim to complete this audit by October 2024.



Value for Money arrangements

Section 3 provides our draft commentary on the Council's arrangements covering both 2021/22 and 2022/23.

We expect to issue the final Auditor's Annual Report and commentary in March 2024.



Wider reporting responsibilities

At the date of reporting our work on the Council's Whole of Government Accounts for both 2021/22 and 2022/23 remains incomplete whilst we wait for final instructions from the National Audit Office on sampled components.

02

Section 02:

Progress update on the financial statement audit

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2. Audit of the financial statements 2022/23

The scope of our audit and the indicative results of our opinion

Our detailed findings on the audit were presented to the Audit Committee in November 2023.

Audit Area	Description	Outcome: 2022/23
Financial Statements	The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position and of its financial performance for the year then ended.	Our audit report, to be issued in March 2024, is expected to give an unqualified opinion on the financial statements for the year ended 31 March 2023.
Qualitative aspects of the Council's accounting practices	We review the Council's accounting policies and disclosures to determine if they comply with the Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.	We review the Council's accounting policies and disclosures and concluded they complied with the 2022/23 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.
Internal Control Recommendations	As part of our audit, we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls.	No 'High' Priority recommendations were raised
Annual Governance Statement	We review the governance statement for compliance with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.
Wider responsibilities	Our powers and responsibilities under the 2014 Act are broad and include the ability to: <ul style="list-style-type: none"> • 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 2022/23 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.

2. Audit of the financial statements 2022/23

Update on audit progress

Our detailed findings on the audit were presented to the Audit Committee in November 2023.

Audit area recorded as incomplete in November 2023	Matters previously reported as outstanding	Status	Conclusions
Net Pension Liability	We are awaiting a response to our request for assurances from the Pension Fund Auditor which is due to be received at the end of January 2024. Our work to conclude on the accounting implications and calculations of any ceiling to the amount of pension asset to be recognised is being finalised.	Complete	Our work has identified an adjustment to the carrying value of the net pension liability which management has decided not to process in the financial statements. This is recorded as an unadjusted misstatement on the next page.
Completion procedures	Procedures such as our quality control and engagement lead review, consideration of any post balance sheet events, technical review of the financial statements, and management representations are ongoing, and will remain as such, through to the date of issuing the auditor's report	Incomplete. We are waiting for clearance of residual queries on the pension fund audit relating to accounting disclosures in the financial statements. Once complete, which we believe is imminent, we expect to issue our audit report in March 2024.	N/A
Whole of Government Accounts	We have not yet received information from the National Audit Office in respect of sampled components for additional work and we are unable to finalise our certificate until then.	Incomplete. We have not yet received final instructions from the National Audit Office and therefore are unable to issue the certificate.	N/A

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2. Audit of the financial statements 2022/23

Update on audit progress: audit misstatements

This section outlines the misstatements identified during the audit, above the trivial threshold for adjustment of £1.022m. The table below sets out the misstatements that were identified from our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Cost of Services – Education Cr: Debtors	1,865			1,865
Extrapolated error reported in January 2024: Our testing of grant income identified an error in the double counting of pupil premium grant, which when extrapolated across the untested population indicates that income and debtors in 2022/23 are overstated by £1.9m					
	Dr: Net Pension Liability Cr: Pension Reserve			4,570	4,570
Extrapolated error reported in January 2024: From our engagement with the pension fund auditor, we have been notified of a (provisional) estimated difference (0.18%) in the information provided to the actuary to calculate pension fund assets. This represents the estimated impact on the Council's share of pension fund assets.					
3	Dr: Net Pension Liability Cr: Pension Reserve			12,430	12,430
Additional matter: The Council was provided with calculation from the actuary to put a cap on the amount of pension fund asset surplus to be recognised in 2022/23. Subsequent calculations showed this ought to have been nil, meaning the pension asset surplus is understated by £12m.					
Total unadjusted misstatements 2022/23		1,865	-	15,029	16,894
Unadjusted items from the prior year having a continuing effect					
4	DR: Infrastructure Assets CR: Unusable reserves – Capital Adjustment Account			5,827	5,827
Correction to previously reported item: Estimated error (prior year): In 2021/22, management reviewed its accounting treatment for infrastructure assets, which identified an estimated difference of £9.4m less depreciation of £3.6m (which we omitted from our January report), which management chose not to adjust for on the grounds of material.					
Total unadjusted misstatements		1,865	-	20,856	22,721

2. Audit of the financial statements 2022/23

Update on audit progress: audit misstatements

Item 2 on the previous page reflects an estimated upward movement of £4.57m in the pension asset, however because there is an asset ceiling (item 3), the actual correctly would be capped at £12.4m and not £15.029m. We have included the gross value in the table above for completeness, but on a net basis, it would be presented as:

	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
Total unadjusted misstatements 2022/23	1,865	-	15,029	16,894
Effect of the pension asset ceiling	-	-	(4,570)	(4,570)
Revised sub-total of misstatements in 2022/23	1,865	-	10,459	12,324
Unadjusted items from the prior year having a continuing effect			5,827	5,827
Total unadjusted misstatements	1,865	-	16,286	18,151

Adjusted misstatements:

No substantial adjustments have been made to the financial statements. Some disclosure changes have been made to the financial statements, with the only item that we would bring to the Committee's attention is with the narrative explanation regarding the position on the Sinfin Waste Treatment Centre to reflect the outcome of the settlement in 2023.

03

Section 03:

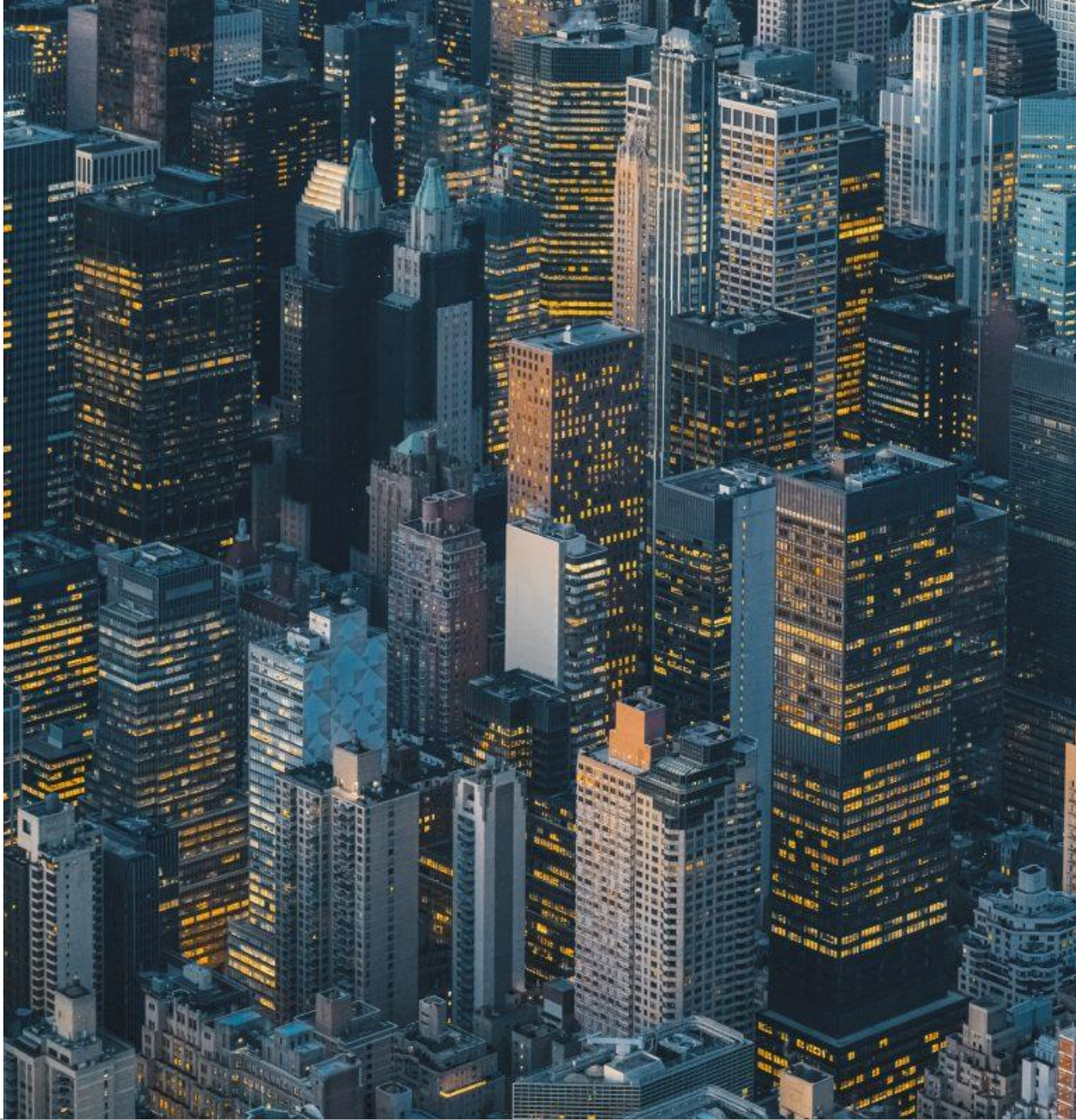
**Draft Commentary on VFM
arrangements**

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3. Commentary on VFM arrangements

Overall summary

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3. VFM arrangements – Overall summary

Approach to Value for Money arrangements work

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

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

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 there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements**

We make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the audit.

- **Other recommendations**

We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but still require action to be taken

The table on the following page summarises the draft outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

3. VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	14	No	No	No
 Governance	19	No	No	No
 Improving economy, efficiency and effectiveness	23	No	No	No

3. Commentary on VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services

Significant weakness in 2020/21	No
Significant weaknesses identified in 2021/22	No
Significant weaknesses identified in 2022/23	No

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3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Position brought forward from 2020/21

There are no indications of a significant weakness in the Council's arrangements for financial sustainability brought forward from 2020/21. The Council's underlying arrangements in relation to financial sustainability are not significantly different in 2021/22 or 2022/23.

Overall responsibilities for financial governance

We have reviewed the Council's overall governance framework, including Council and committee reports, the Annual Governance Statement, and Statement of Accounts for 2021/22 and 2022/23. These confirm the Council undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plan to best meet the needs of the Council's service users.

2021/22 and 2022/23 Statement of Financial Position

We have audited the 2021/22 and 2022/23 financial statements. In both years, the Council adequately summarises the financial position of the Council, including performance against its budget through the narrative report. Our review of the financial statements does not highlight a risk of significant weakness in arrangements for financial sustainability.

We considered financial outturn as presented to Cabinet in July 2022, with a net underspend against the portfolio budget of £1.2m, which we deem to not be significant.

The purpose of the Council's general fund reserve is to meet costs arising from any unplanned or emergency events. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to 'smooth' expenditure on a one-off basis across years. Whereas earmarked reserves are set aside for specific purposes.

We carried out a high-level analysis of the financial statements subject to our audit, including the Movement in Reserves Statement and our work to date has not highlighted any risks of significant weakness in arrangements or indicators of a risk to the Council's financial sustainability:

£m	31-Mar-21	31-Mar-22	31-Mar-23
General Fund Balance	78	61	33
Earmarked Reserves	261	283	272
Total Revenue Reserves	338	344	305
Capital Reserves	82	68	95
Total Usable Reserves	420	412	400

VFM arrangements – Financial Sustainability

Financial sustainability and revenue reserves

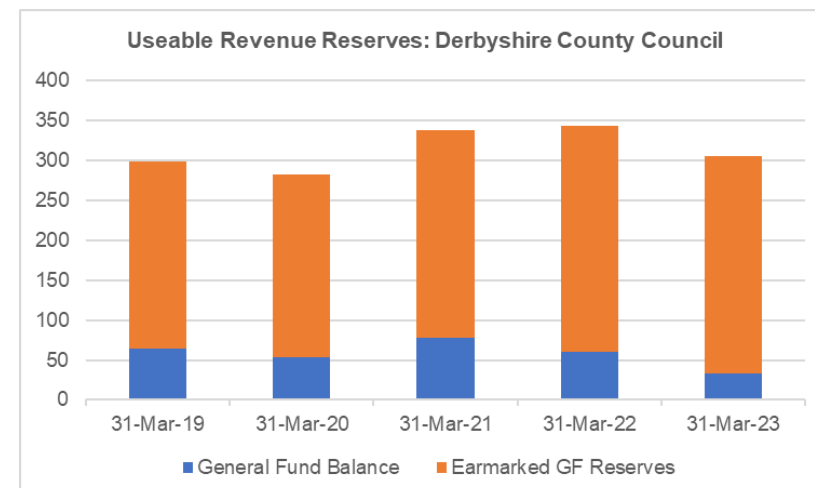
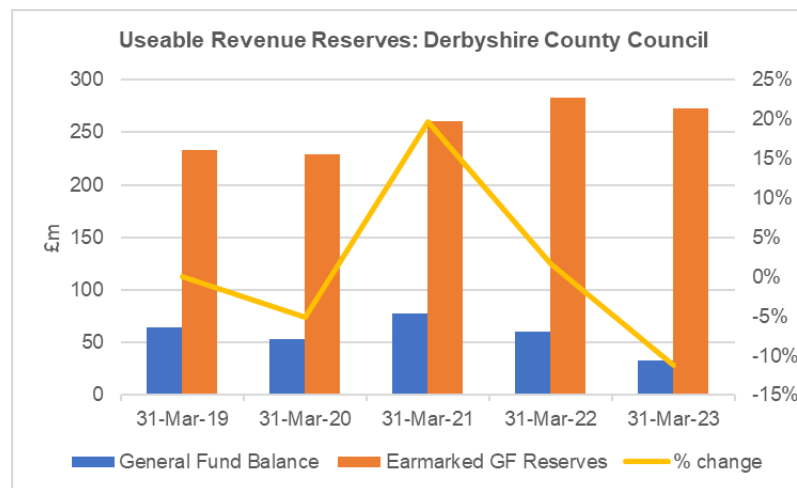
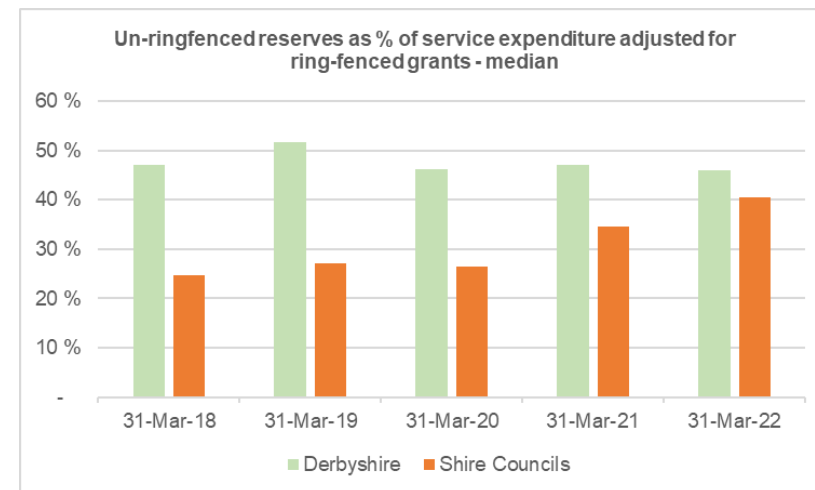
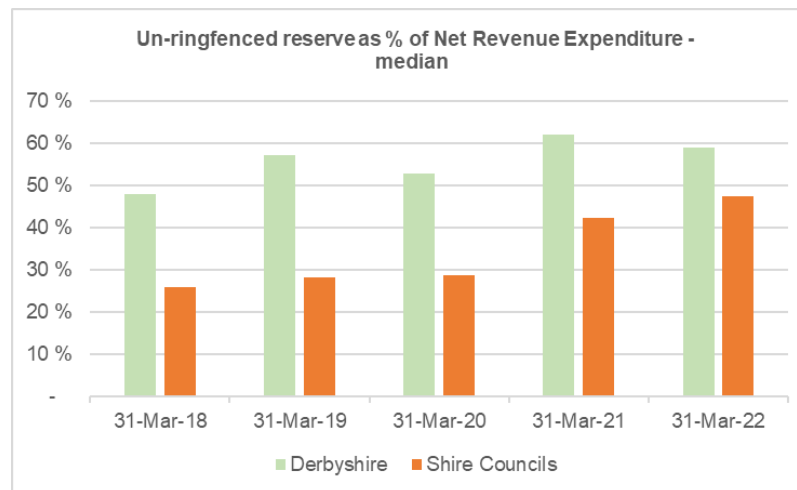
The purpose of the Council's general fund reserve is to meet costs arising from any unplanned or emergency events. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to 'smooth' expenditure on a one-off basis across years. Whereas earmarked reserves, are set aside for specific purposes.

We have also performed a more detailed review of the Council's revenue reserves:

1. We reviewed data published in May 2023 by the Department for Levelling Up, Housing and Communities on Local authority general fund earmarked and unallocated reserve levels, 2017-18 to 2021-22. The Council's reserves have generally been above the median compared to County Council since 2018 (top two charts right).

2. Through a review of the financial statements, we have considered the Council's revenue reserves over time where the Council's General Fund Balance at 31 March 2023 is approximately half that from 31 March 2019 (£65m vs £33m), and whilst overall revenue reserves are up (£298m vs £305m), the Council is on a downward trend.

The Council's Reserves position does not give us cause for immediate concern in relation to a risk of significant weakness in arrangements to secure financial sustainability for the year ended 31 March 2022 and March 2023. Whilst reserves remain stable, they are finite.



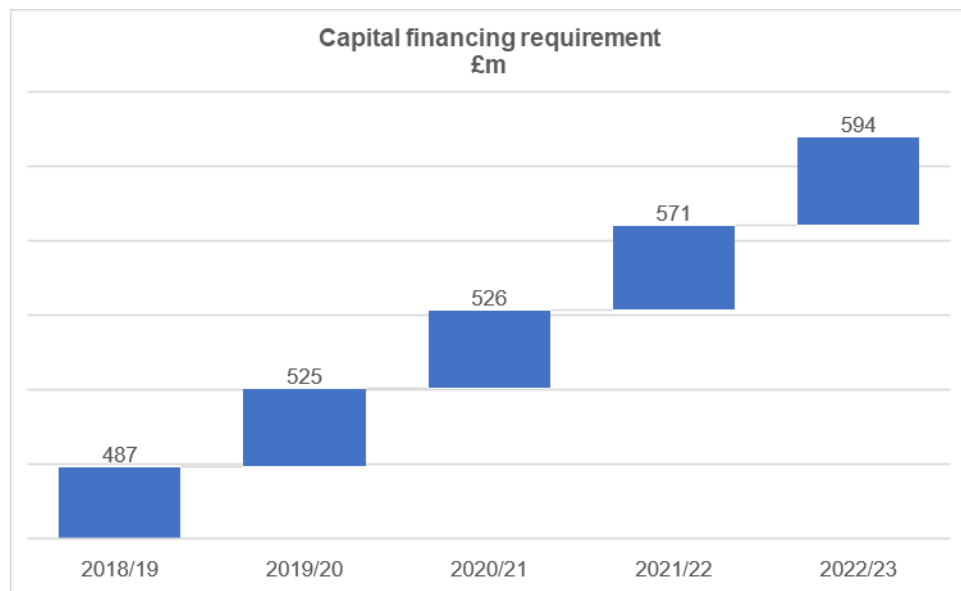
Details on the definitions and data quality arrangements are available here: <https://www.gov.uk/government/publications/local-authority-general-fund-earmarked-and-unallocated-reserve-levels-2017-18-to-2021-22>

VFM arrangements – Financial Sustainability

The Council's capital expenditure and financing

The Council's arrangements for setting and monitoring capital expenditure are consistent with the previous year, which we deem to be adequate. We considered the Council's capital financing requirement as set out in Note 15 of the financial statements, which has risen to £571m in 2021/22 and £594m in 2022/23, each increase representing the underlying need to borrow to finance capital expenditure.

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In 2021/22, the Council spent £114m on capital additions, including £16m of REFCUS (Revenue Expenditure Funded from Capital Under Statute). In 2022/23, this fell slightly to £100m (including £15m REFCUS). Our testing of these balances did not identify any material issues.

As part of paying down the capital financing requirement, the Council charged £12m in 2021/22 to the general fund as a "Minimum Revenue Provision", and £21m in 2022/23. The duty to make Minimum Revenue Provision (MRP) is an important component of the Prudential Framework to ensure capital expenditure and borrowing can be repaid. We reviewed the Council's Policy for 2021/22 and 2022/23 and its supporting calculations as

part of our work on the financial statements audit and have benchmarked the Council's charge against our database of other county councils:

Minimum Revenue Provision as a % of the Capital Financing Requirement	2021/22	2022/23
County councils: average	2.0 %	3.3 %
County councils: bottom quartile	2.0 %	3.2 %
Derbyshire County Council	2.1 %	3.6 %

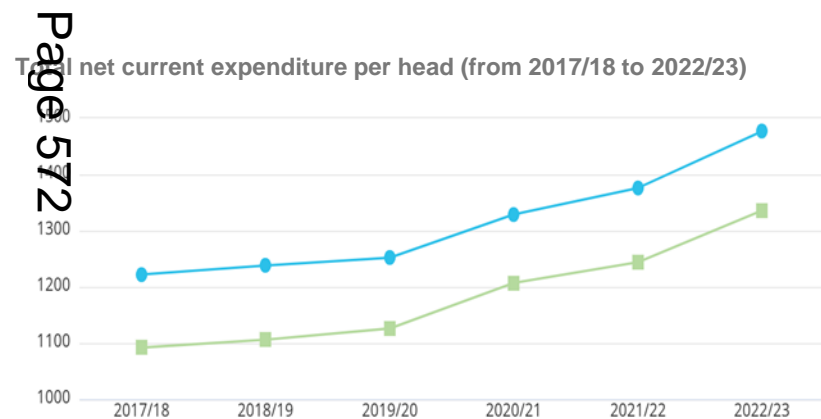
We are satisfied the Council's capital expenditure and capital financing does not give rise to a risk of significant weakness in arrangements, however, the importance and impact of the MRP is often poorly understood outside of finance teams and can lead to significant issues affecting the financial sustainability of a local authority.

VFM arrangements – Financial Sustainability

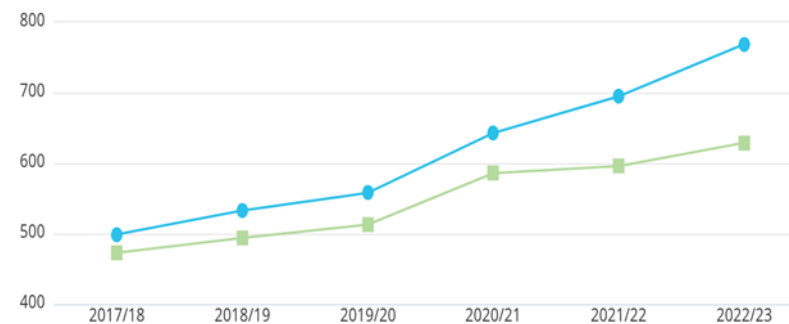
The Council's financial planning and monitoring arrangements

Through our review of Council and committee reports, meetings with management and relevant work performed on the financial statements (2021/22 and 2022/23), we are satisfied that the Council's arrangements for budget monitoring remain appropriate, including reporting to Members.

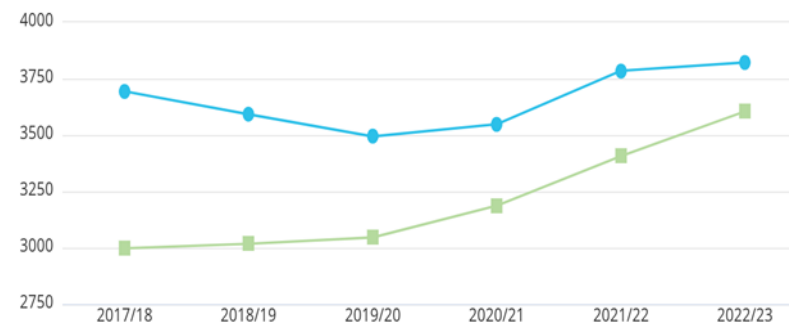
We also used VFM spending profiles produced by LG Inform (vfm.lginform.local.gov.uk) to provide context on the Council's spending, which show the Council (blue line) is above average in its spending overall when compared to all County Councils (green line), with rising costs following a similar pattern as the average – albeit with spending on children and young people converging. Whilst it represents opportunities for cost reduction, it does not present a risk of significant weakness in arrangements.



Total expenditure on adult social care per adult (from 2017/18 to 2022/23)



Total gross expenditure on all children and young people services per head 0-17 yrs (from 2017/18 to 2022/23)



Overall, we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability for the year ended 31 March 2022 and 31 March 2023.

3. Commentary on VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks

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Significant weakness in 2020/21	No
Significant weaknesses identified in 2021/22	No matters arising.
Significant weaknesses identified in 2022/23	No matters arising.



3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Position brought forward from 2020/21

There are no indications of a significant weakness in the Council's arrangements for governance brought forward from the previous year.

The Authority's governance structure

Based on our work, we are satisfied that the Council has established governance arrangements, consistent with previous years, in place. These are detailed in the Statement of Accounts and Annual Governance Statement. We have considered both documents against our understanding of the Council as part of our audit. Our review of Council and Committee papers confirms that a template covering report is used for all reports, ensuring the purpose, strategic context, governance issues, and recommendations are clear in support of informed decision making. Minutes are published and reviewed by Committees to evidence the matters discussed, challenge and decisions made.

Risk management

The Annual Governance Statement is a critical component of the Council's governance arrangements. It is an evidenced self-assessment by the Council on the Council's governance, assurance and internal control frameworks for the financial year. No significant weaknesses in internal control have been identified from our work to date and Internal Audit have not identified or raised any significant concerns. We reviewed the Annual Governance Statements as part of our work on the financial statements for 2021/22 and 2022/23 with no significant issues arising.

Audit Committee

The Council has an established Audit Committee. We have reviewed supporting documents and confirmed the Audit Committee meets regularly. Our attendance at meetings has confirmed there is an appropriate level of effective challenge.

Internal Audit

We have reviewed Internal Audit's reports to the Audit Committee and attended Audit Committee to observe the performance of Internal Audit. We have read the head of internal audit's report for 2021/22 and 2022/23 and are satisfied it does not highlight any unidentified significant weaknesses in arrangements. We also confirmed that the Head of Internal Audit Opinion has been adequately reflected in the Annual Governance Statement.

No issues arose from this review to indicate there is a significant weakness in the Council's arrangements for governance.

Financial reporting

As set out in the commentary on financial sustainability, our minute reviews confirm Cabinet receive regular reporting on financial performance and on progress against the corporate plan. Our review of the Quarterly performance reports demonstrate these are in sufficient detail to enable oversight and/or take corrective action if required and we have not identified any significant weaknesses in the Council's arrangements for governance. Furthermore, our work on the financial statements audit did not highlight any significant issues regarding the Council's arrangements for statutory financial reporting or significant internal control weaknesses.

Conduct

The Council has a code of conduct for employees and members, embedded in its constitution. The Council's website provides guidance on complaints about members and a Governance, Ethics and Standards Committee is in place with responsibility for promoting and maintaining high standards of conduct by members and assisting members of the Council to observe our code of conduct.

3. VFM arrangements – Governance

Overall commentary on the Financial Sustainability reporting criteria

Budget Setting and the Medium-Term Financial Strategy (MTFS)

The Council's budget setting and medium-term financial planning follows a similar process and format to previous years and our review is supported by discussions with officers during the year and experience from prior year audits.

We have read committee reports covering budget setting for 2021/22 and 2022/23, including the Medium-Term Financial Strategy (MTFS). The production of the Council's budget is undertaken in accordance with the requirements of the Council's Constitution, which requires Cabinet publicises a timetable for making proposals to full Council in relation to the annual Revenue Budget, along with arrangements for consultation with stakeholders, which should be for a period of not less than six weeks.. There is no indication that the Council's MTFS and budget setting process is not aligned to supporting plans.

We read the report to Council in February 2022 and 2023 where a balanced budget was set. We are satisfied that the reports contain an adequate amount of detail regarding assumptions, including pay and inflation, and that these assumptions are not unreasonable.

We also considered the funding of the MTFS, in particular the use of balances and the level of savings required, which we have summarised as:

£m	2023/24	2024/25	2025/26	2026/27	2027/28
Funding (pre reserves and use of balances)	654.5	685.8	684.5	702.9	720.7
Use of other balances	23.7	4.7	5.2	2.0	2.0
Total funding	678.2	690.4	689.7	704.9	722.7
Budget savings identified	16.2	16.0	4.2	1.2	-
Further savings required	-	-	6.1	0.7	2.1

The Council identified the need to save £46.4m by 2027/28, of which it reports that £37.6m have been

identified, and this is after the use of £37.6m balances.

The Council's reports adequately explain the cost pressures facing the Council, which are closely linked with social care pressures across adults and children's. The extent of the challenge is, in our view, sufficiently clear in the report to Members, and the 2023/24 MTFS demonstrates the need to address and deliver savings in the early years of the MTFS to avoid an escalation of risk over time.

We are also aware of steps the Council has taken during 2023/24 to mitigate rising costs. From our review of cabinet reports, and discussions with officers we are aware that the Council was forecasting an overspend of £46m for 2023/24, resulting in intervention in September 2023. Our review of Cabinet reports in March 2024 identified that the forecast overspend had reduced from £46m to £34m.

The Council has relied on reserves to support the financial position. In March 2024, Cabinet were informed that the Council was intending to draw on an additional £14m from earmarked reserves on top of the planned £24m of the budget management reserve in 2023/24 – a total of c£38m of reserves to maintain financial balance.

Public services have been struggling financially for some time, and understandably, many local authorities have been focusing on short-term measures to plug the finances.

Earmarked Reserves totalled £272m as at 1 April 2023. Of this total, £59m (22%) was available to support future spending

The Council recognises the use of reserves is not sustainable.

3. VFM arrangements – Governance

Overall commentary on the Financial Sustainability reporting criteria

Budget Setting and the Medium-Term Financial Strategy (MTFS)

We also considered the position regarding the 2024/25 budget and MTFS – although it is important to note that this is not relevant to the arrangements in place for the year ending 31 March 2023

The report to Cabinet in February notes the significant challenges facing the Council and the need to implement robust project governance to deliver the savings required to maintain financial balance. In our experience, transformation takes time and local authorities are facing significant issues in the here and now. For example, in March 2024, 19 of the most challenged local authorities permitted to fund £1.5bn of day-to-day spending through capital flexibilities which will be funded through borrowing or selling assets.

With the announcement of a Public Sector Productivity Plan in Budget 2024, local authorities must focus on transformation with demonstrable returns on investment, instead of short-term efficiency gains and prioritise digital skills and capabilities. Given the position the Council is in, it will need to face some challenging questions:

- Will this investment resolve the underlying financial challenges facing the adult and children’s social care?
- How can the Council calculate and demonstrate the link between investment and savings? And how will it validate these have actually been achieved?
- In the midst of a recruitment and retention crisis, who will deliver the transformation and who will embed the change needed?

Ultimately, these are matters for the Council to consider during 2024/25.

We have not identified any indicators of a significant weakness in the Council’s arrangements relating to the Governance criteria for the year ended 31 March 2022 and 31 March 2023.

3. Commentary on VFM arrangements

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services

Significant weakness in 2020/21	No.
Significant weaknesses identified in 2021/22	No matters arising.
Significant weaknesses identified in 2022/23	No matters arising.

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3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

Position brought forward from 2021/22

There are no indications of a significant weakness in the Council's arrangements brought forward from the prior year and the Council's arrangements are not significantly changed since the prior year. The Council's arrangements for 2021/22 and 2022/23 are consistent with 2020/21, which were deemed adequate.

Corporate Plan and Performance Monitoring

The Council's corporate plan sets out what it wants to achieve for local residents and communities. The Council Plan is supported by the Financial Plan and an overarching Delivery Plan, and each department has a Service Plan which sets out how that department will deliver the headline initiatives and actions in the Council Plan. The Council's budget endeavours to ensure the provision of the appropriate resources required to deliver the Council's Plan, and the types of action necessary to enable them to be affordable, to allow balanced budgets to be delivered.

Our review of committee reports confirms Cabinet receive periodic (Quarterly) reports on performance which summarises performance against target to analyse performance and take corrective action as required. The Performance and Budget Monitoring Report presents both Council Plan performance and financial budget monitoring and forecast outturn data. The Performance Summary sets 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 provide an overview of the Council's overall budget position and forecast outturn. The report also summarised progress on Council Plan deliverables and the controllable budget position by Cabinet Member Portfolio. Reports are also considered by Audit Committee in accordance with the Budget Monitoring Policy and Financial Regulations.

Overall, we believe this is sufficient evidence to demonstrate adequate arrangements for scrutiny and oversight of service and financial performance at the Council.

Regulators

Our review of minutes was supported by a review for any reports issued by Ofsted. We obtained the full inspection report, published in November 2023 where services were rated 'good' and read the focused inspection letters issued in November 2021 and September 2022. Overall, we are satisfied these do not indicate there is a significant weakness in the Council's arrangements for assessing and improving performance in services.

Partnerships and Commissioning

Our work on the financial statements has not identified any significant concerns regarding commissioning or procurement.

Sinfin Waste Treatment Plant

Derby City Council and Derbyshire County Council contracted with Resource Recovery Solutions Derbyshire (RRS) to manage the Sinfin Waste Plant. The waste treatment centre was due to open in Sinfin in 2017, but RRS has been unable to resolve ongoing issues that would allow the facility to pass the certified performance tests required to bring it into full service. In April 2019, the two councils issued a formal notice to the project's funders to take action under the contract to progress the project. The agreement with RRS to manage the Sinfin Waste Plant was cancelled in August 2019 when the banks funding the project issued a legal notice. During 2021/22 and 2022/23 work has continued to determine the condition and capability of the new waste treatment with the support of professional advisors.

In 2020/21, we reported that we had identified the following as being indicative of adequate arrangements being in place:

- Contracts in place to maintain associated service and maintenance of the facility.
- The appointment of legal and technical advisors and continued joint working with Derby City Council.
- Regular officer led meetings and work plans in place, including reporting to Members and Cabinet.
- Incorporation of Waste Treatment solutions in both the strategic risk register and therein subject to regular review and oversight through the risk management arrangements in place for the Council.
- Incorporate of Waste Treatment solutions into the departmental service plans and therefore the Council's performance management arrangements to support the achievement of the corporate plan.

We have maintained ongoing dialogue with the Council regarding the treatment centre, including consideration of the impact to the 2021/22 and 2022/23 financial statements of the £93m settlement. Our work has not identified any indication of a significant weakness in arrangements.

Our work has not identified a significant weakness in the Council's arrangements in relation to the economy, efficiency and effectiveness reporting criteria for the year ending 31 March 2022 and 31 March 2023.

04

Section 04: **Audit fees**

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4. Audit fee update

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum. Having completed our work for the 2022/23 financial year, we can confirm that our fees are as follows:

Area of work	2020/21 Actual fees	2021/22 Actual fees*	2022/23 fees*	2023/24
PSAA's scale fee in respect of our work under the Code of Audit Practice	96,524	96,524	108,489**	323,742
Additional fees in respect of additional testing undertaken to comply with increased regulatory requirements relating to: IAS19 pension liabilities; valuation of land, buildings and investment properties	11,965	11,965	N/A included in revised scale fee	-
Additional fees in respect of additional work from the introduction of new auditing standards (ISA 540 estimates)	4,644	4,700	4,700	-
Additional fees in respect of additional work from the introduction of new auditing standards (ISA 315 Risk Assessment)	-	-	11,100	-
Other additional testing – covid-19 testing	1,188	-	-	-
Additional work in relation to accounting for Sinfin	-	3,000	5,700	-
Additional work in respect of the pension triennial valuation	-	6,500	-	-
Other additional testing - implications of pension fund surpluses under IAS19 and IFRIC 14	-	-	5,200	-
Other additional testing – implications of infrastructure assets and changes to the Code	-	9,800	-	-
Additional fees in respect of the VFM Commentary	14,063	12,500	12,000	-
Additional fees in respect of the VFM Commentary – Significant Risks	-	-	-	-
Sub-total: variations	31,860	48,465	38,700	-
Total fees	128,384	144,989	147,189	302,972

These costs are subject to PSAA review and approval. The Council received **£49,758** of grant funding to meet rising audit costs.

*At the time of issuing this report, the additional fees have not been agreed with the Council.

**The 2022/23 fee is net of a £5,641 contribution from PSAA



Appendix A: Insights and publications

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Public and Social Sector Insights

Click [here](https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Public-and-Social-Sector-insights) to find and subscribe to our public and social sector articles (or copy and paste this link: <https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Public-and-Social-Sector-insights>).

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Beyond efficiency: what's left for local government?

Today, the financial stability of local authorities is no longer guaranteed, placing public services and employment increasingly at risk. All of which means: it's time to take action.

Based on survey data, the 'Beyond efficiency report' looks to understand Councils' approaches to financial sustainability and risk



Supporting vulnerable communities

Against a backdrop of political uncertainty, unprecedented strike action and the prevailing cost of living crisis – itself a consequence of the conflict in Ukraine among other factors – many of the UK's most vulnerable communities are at risk of becoming more marginalised and face more hardship.



A global public and social sector study (2023)

The public and social sector is in a time of transformation. Expectations of organisations in the sector are higher than ever while financial constraints and regulatory burdens are increasing.

To understand some of the challenges leaders in this sector face and the steps they are taking to tackle them, we surveyed more than 100 public sector executives in five countries.



Why culture is critical to local government

The extent to which an organisation's culture supports the execution of its strategy, the management of risk and the treatment of its service users is increasingly under the spotlight, and weaknesses in culture are now frequently blamed for failings in these areas.

National publications

Publication / Update	Key points	Link
National Audit Office (NAO)		
NAO report – Government Resilience: Extreme Weather 5 December 2023	The NAO has published its report Government Resilience: Extreme Weather which examines how well-prepared the country is for future extreme weather events	Government resilience: extreme weather - NAO report
NAO Departmental overview: Department for Work and Pensions 2022-23 – 5 December 2023	The NAO has published its Departmental Overview of the Department for Work and Pensions (DWP) 2022-23. overview summarises information and insights gained from the NAO’s examinations of DWP and related bodies and DWP’s annual report and accounts.	Department for Work and Pensions 2022-23 - NAO overview
NAO insight: Good practice in annual reporting – 19 February 2024	The NAO has published a good practice guide on annual reporting which sets out principles of annual reporting that includes real-world examples of good practice for annual reporting from organisations from the public, private and charity sectors, who are leading the way.	Good practice in annual reporting - National Audit Office (NAO) insight
Whistleblowing in the civil service - 21 February 2024	The NAO has published a guide for people who deal with whistleblowers, investigate concerns or manage whistleblowing processes in government organisations.	Whistleblowing in the civil service - NAO insight
NAO good practice - Digital transformation in government: a guide for senior leaders and audit and risk committees 27 February 2024	The NAO has published a guide for senior leaders and audit and risk committees on Digital transformation in government. The guide can support those tasked with overseeing large-scale digital change to understand the core issues and pitfalls to avoid.	Digital transformation in government: a guide for senior leaders and audit and risk committees - NAO insight
Chartered Institute of Finance and Accountancy (CIPFA) and Department for Levelling Up, Housing and Communities (DLUHC)		
Consultation on changes to statutory guidance and regulations: Minimum Revenue Provision - 21 December 2023	DLUHC is consulting on the statutory guidance and final form of the Minimum Revenue Provision Regulations. The deadline for responses was 16 February.	Consultation on changes to statutory guidance and regulations: Minimum Revenue Provision - Department for Levelling Up, Housing and Communities - Citizen Space
Consultation on the Code of Practice on Local Authority Financial Reporting in the United Kingdom short term England-only measures to aid the recovery of local authority reporting and audit – 29 February 2024	CIPFA has launched its Invitation to Comment on short term proposals intended to help address the backlog of local authority audits. After considering a wide range of options CIPFA LASAAC decided to explore two approaches. These would affect the 2023/24 and 2024/25 Codes, by providing: > An option to simplify measurement of operational property plant and equipment using specified indexation, and > Reduced disclosures for pensions reporting, by aligning that reporting with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.	Consultation on short term England only measures in the Code CIPFA

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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.

*where permitted under applicable country laws.